Daily Report

Latin America

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Minister Opens Cairns Group Meeting in Montevideo

PY2005030394 Montevideo Radio Carve in Spanish 0000 GMT 20 May 94

[Text] Uruguayan Agriculture Minister Pedro Saravia has said it is necessary to prevent the surfacing of new forms of protectionism. He made this remark while opening a meeting of the so-called Cairns Group, made up of 14 countries exporting unsubsidized agricultural products. The discussions will be held until tomorrow at the ALADI [Latin American Integration Association] headquarters in Montevideo. Following are Dr. Pedro Saravia's remarks:

[Begin Saravia recording] The negligible reductions in export subsidies make us believe that this practice, which particularly misrepresents the trade of agricultural and livestock products, will continue limiting the development possibilities of agriculture in our countries, at least the mid-term development possibilities.

In our opinion, it is clear that the Cairns Group did not achieve all the goals set when it was established. Nevertheless, based on the fact that we did not fully achieve our goals, it is necessary for the group to continue operating in the pursuit of a freer and fairer international trade in agricultural and livestock products.

Bearing this goal in mind, the group must remain alert and active in order to secure full compliance with Article 20 of the agricultural agreement on the pursuit of the reform process. We must add the necessity of strengthening the advancements achieved thus far to this mid-term necessity of substantially reducing agricultural protectionism and subsidies.

Therefore, we now believe the Cairns Group must play an active role in monitoring compliance with the commitments entered during the Uruguay Round, in keeping alive the issue of agricultural trade on the international agenda, and preventing the surfacing of new forms of protectionism.

Dear colleagues, we understand that the Cairns Group played an important role during the Uruguay Round, served national interests, and in the future it must continue playing such a significant role—as it has been playing so far—for the benefit of the member states and the multilateral regulation of agricultural trade. [end recording]

These were the words of Agriculture Minister Pedro Saravia.

Cuba

Dominican Party, Candidate Claim Haitians Voted in Election

FL1905205294 Havana Radio Reloj Network in Spanish 1930 GMT 19 May 94

[Text] Political sources report that the crisis, unleashed in the Dominican Republic in the wake of general elections Monday, 16 May, which are considered fraudulent by the opposition, has begun to escalate.

The Central Electoral Board's [JEC] credibility was once again contested when candidate for senator (Ministro Castillo), of the Dominican Liberation Party [PLD] led by Juan Bosch, the third political force in the country, announced that he was considering the possibility of rejecting the elections because some 300,000 Haitians had reportedly voted in them.

The elections were also protested yesterday by the opposition Dominican Revolutionary Party, which accused the JEC and two JEC justices of planning a fraud.

Moreover, the JEC decided to recount the votes one by one, beginning today, and to stop the release of bulletins with election results.

Havana Notes Dismissal of Election Meddling Charges

FL1905125794 Havana Radio Progreso Network in Spanish 1100 GMT 19 May 94

[Text] The Panamanian foreign ministry has dismissed a deputy's charges that the Cuban Government intervened in the electoral campaign to favor the opposition, the Democratic Revolutionary Party [PRD], which won the 8 May elections. A week before the elections, Leo Gonzalez, a deputy from the Nationalist Republican Liberal Movement, presented a series of documents to the Panamanian foreign ministry allegedly revealing that the Cuban Government had provided support and technical advice to Ernesto Perez' electoral campaign, which will put the PRD at the helm of the nation on 1 September.

The foreign ministry reached the conclusion that the documents are a forgery; it therefore closed the investigation and dismissed the information revealed by the deputy.

Miguel Martinez, Cuban charge d'affaires in Panama, said he had affirmed from the beginning that the documents were forged and that he was confident that the Panamanian foreign ministry would handle the issue carefully.

Cooperation Letter of Intent Signed With Angola

FL2005005294 Havana Radio Rebelde Network in Spanish 2300 GMT 19 May 94

[Text] Late this afternoon we learned Juan Escalona Reguera, attorney general of the Republic, and (Domingo Prorolo), attorney general of the People's Republic of Angola signed a letter of intent.

According to the national news agency, this document seeks to formalize the practice of cooperation, exchange of ideas, legal experience, and literature between Angola and Cuba which has been going on between the two countries since the 1970's.

Candido Palmero Discusses Decree-Law No. 149

FL2005020094 Havana Cuba Vision Network in Spanish 0000 GMT 20 May 94

[Text] The sessions on money hoarders began today in Havana Province. In the meeting of Combatants of the Revolution, details on the application of Decree-Law No. 149 were announced.

(Pedro Saenz), second secretary of the Communist Party of Cuba [PCC] in Havana Province, announced that a provincial group, as well as four sub-groups in different parts of the province, have been created. Each one of these groups is headed by a prosecutor. He also advised that [words indistinct] municipal command posts for the practical support to this decree-law. In the meeting with combatants of Havana, some expressed concern over effectiveness and justice in the application of this decree, whether, as a combatant from Jaruco said, they would not continue mocking the Revolution. Nevertheless, Candido Palmero, first secretary of the PCC in Havana, stressed that the work is being done seriously and meticulously.

[Begin Palmero recording] In other words, we will do things so that they cannot move. By then, some will have hidden the motorcycles, others will have reported them stolen, and others will have hidden the cars. [end recording]

He added that emphasis will be placed on those who have gotten rich on state resources, and that money hoarders would not have too many opportunities to cheat or make changes to their advantage. He insisted that it was about joint action.

[Begin Palmero recording] I do not think they will have too many chances. This has become a task of the people, of the revolutionary people. In other words, there must be justice in this process. We need to be patient because we are not going to do things in a disorganized manner. We will do things little by little.

I just received a note about someone in a municipality who has a rice combine, two tractors, a (Moscovi) car, a (William), a motorcycle, and a truck. According to sources, he has eight cars [chuckles] and a great sum of money. By now, he must be pulling his hair out. There is

no hurry. That law is not for a few months only; that law is here to stay. [end recording]

People's Councils Review Role in Medical Program

PA2005003394 Havana Radio Havana Cuba in Spanish 0000 GMT 18 May 94

[From the "Evening Information Review" newscast]

[Text] Chairmen of the 112 People's Councils in Havana have analyzed the support these government entities will provide regarding the control of the national medical program, the goal of which is to perfect the distribution of medicine by linking the network of pharmacies with each health area, clinic, hospital, or institute. The meeting in the Cuban capital was attended by Carlos Lage, secretary of the Council of Ministers' Executive Committee; Ricardo Alarcon, president of the National Assembly of the People's Government; and Julio Teja, public health minister.

Havana Province Health Director Pastor Castell explained that the plan strives to progressively guarantee the supply of necessary medical products for the pharmaceutical industry. The program will include the controlled sale of frequently used pharmaceutical products and an update on the control of patients with chronic diseases, among other issues.

Tourism Minister Addresses Varadero-94 Conference

FL1905121794 Havana Radio Rebelde Network in Spanish 0900 GMT 19 May 94

[Text] Tourism Minister Osmany Cienfuegos stated at the Varadero-94 convention that in 1994, Cuba will invest 300 million pesos in tourism and will do whatever is necessary to ensure tourism development. Cienfuegos also pointed out that contracts have been signed with foreign companies to build 7,000 rooms in the next five to six years. He added that there are 1,200 rooms under joint management arrangements and that there are plans to have 30,000 rooms by 1995 and 50,000 in another five years.

Regarding tourism prospects, Cienfuegos affirmed that in forthcoming years, tourism will surpass all other sectors of the national economy and make a significant contribution to the nation.

Journalists Discuss Mismanagement of UBPC's

FL1905173094

[Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 18 May carries the program Straight Talk featuring Osvaldo Rodriguez of JUVENTUD REBELDE and Eloy Concepcion of TRABAJADORES. The program focuses on the current degree of autonomy of the Basic Cooperative Production Units, or UBPC's.

Rodriguez notes that autonomy is a much debated issue at the UBPC's, adding: "The enterprise often acts as if the UBPC were its subordinate, and the UBPC often acts as if it were indeed a subordinate of the enterprise."

Concepcion says: "First, let us say that the word autonomy scares a lot of people in the enterprises, as well as comrades in the UBPC's." Concepcion adds that current Ministry of Agriculture structures have yet to match changes in policy regarding farming during the special period.

Regarding the role of the state, Concepcion adds: "Right now, the state cannot let individuals produce whatever they want, whenever they choose, and distribute whatever they wish to whomever they wish."

The speakers discuss the example of a UBPC that was ordered by the enterprise to plant yams, although it was not yam-planting season. This resulted in a lackluster crop, and the Cuban people ended up the losers. Concepcion says the enterprise should set a production plan for the UBPC in keeping with the government's interests, adding: "The enterprise should leave a large enough margin so that the UBPC can decide in what season and under what conditions crops are to be planted. The bureaucracy refuses to give up the power it possesses and that often, consciously or unconsciously, blocks the progress of the Revolution." Concepcion says there is conflict between the Ministry of Agriculture's enterprise system and the UBPC's on how to tackle food production problems. He stresses: "We have tried many formulas: cooperatives, large state enterprises. At the beginning of the Revolution, we had cooperatives, people's farms, etc., and the UBPC's are our last chance. Everyone must contribute to their success, since we are dealing with a most important issue: feeding the population."

Rodriguez notes that frequently the bad is stressed, but, he asks, what about the good? Concepcion replies: "Not all the fault lies on the side of the enterprise system; there are comrades managing UBPC's who are also at fault."

Concepcion says that highly positive results have been obtained by the UBPC's since their creation five and a half months ago and that he honestly believes that, within a year, the UBPC's will become self-sufficient in food.

The speakers then discuss the fact that the work force is better distributed in the UBPC's. Nevertheless, more workers are needed throughout Cuba for agricultural activities. Concepcion says: "We are a country unable to produce yams and cassava. We have thousands of caballerias overgrown with weeds and we blame the problem on a lack of fuel and fertilizer. What we lack, to solve the food supply problem of the municipalities and the population, is self-respect. What we lack is self-respect and agricultural know-how. That is my opinion."

Rodriguez reiterates that Cuban agriculture needs additional workers and notes that Cuba's alleged worker surplus could be assigned to agriculture. In this connection, Concepcion adds: "There is an accord, soon to be a year old, from the Politburo that states that the Ministry of

Agriculture is to give small plots of fallow land to retirees. Why has the Ministry of Agriculture not given these people this land? Why the delay? This was a Politburo accord. It would have meant more food for the population."

Rodriguez concludes: "Once more bureaucracy is acting against something as important as the UBPC's. Like you, however, I believe this process is continuing to make progress, and that the UBPC's will be a success."

Inter-Caribbean Affairs

Caricom Countries Differ Over NAFTA Participation

FL1905220594 Castries HTS Caribvision Television in English 1945 GMT 19 May 94

[Text] More questions than answers remain as the region continues to discuss the controversial NAFTA accord. The latest voice in what is proving to be a series of never-ending debates is that of David Thompson. Thompson, the finance minister in Barbados, says the region cannot afford to sit on the edge of all that is happening.

NAFTA is a joint trade agreement signed last year between the United States, Mexico, and Canada. The big debate in Barbados and the region is how the grouping will respond to NAFTA. There already seems to be a split within Caricom [Caribbean Common Market] circles as to whether or not the grouping should proceed to enter NAFTA as a unit or to allow individual countries desirous of doing so to be approved to proceed.

Dominican Republic

Balaguer Maintaining Electoral Lead

PA1905135994 Hamburg DPA in Spanish 0639 GMT 19 May 94

[Text] Santo Domingo, 19 May (DPA)—Dominican President Joaquin Balaguer maintains a narrow lead in the 16 May presidential elections with 95.93 percent of the electoral tables counted.

According to Bulletin No. 19 issued by the Central Electoral Board (JCE) in the predawn hours, the total number of votes for President Balaguer and Jacinto Peynado, vice presidential candidate for the Social Christian Reformist Party (PRSC), is 1,215,513, or 42.37 percent of the counted votes.

Jose Francisco Pena Gomez and Fernando Alvarez Bogoert, his running mate of the Dominican Revolutionary Party (PRD), have 1,187,210 votes, or 41.39 percent.

The difference between the two tickets is only 28,303 votes or less than 1 percent. Approximately 9,141 of the 9,528 electoral tables have already been counted. Close to 3.5 million voters were eligible to vote.

Juan Bosch and Lionel Fernandez, presidential and vice presidential candidates of the Dominican Liberation Party (PLD), have received 378,982 votes or 13.28 percent. Jacobo Majluta, presidential candidate of the Independent Revolutionary Party (PRI), has 65,236 votes or 2.27 percent. Priest Antonio Reinoso of the Independent, Unity, and Change Movement (MIUCA) has received 0.75 percent of the counted votes.

The PRD has insisted there was fraud in the elections and reiterated that it will challenge the results in all available forums, including the international community. President Balaguer said today he would not object to annuling the elections if the PRD proves its charges of fraud.

Bulletin Shows Balaguer's Lead Small

PA1905150594 Madrid EFE in Spanish 1416 GMT 19 May 94

[Text] Santo Domingo, 19 May (EFE)—Dominican President Joaquin Balaguer has a 27,385-vote lead over Jose Francisco Pena Gomez in Monday's elections. This is equivalent to a 0.95 percent lead, the Central Electoral Board (JCE) reported today.

JCE Bulletin No. 20 indicated that Balaguer and his allies have 1,222,857 votes, while the coalition that backs Pena Gomez has 1,195,472 votes, a difference of 27,385 votes. These figures correspond to the count of 96.58 percent of the electoral tables. Only 325 tables are pending.

According to the JCE bulletin, Balaguer obtained 42.36 percent of the valid votes against Pena Gomez' 41.41 percent.

JCE Reports Balaguer Maintains Lead

PA1905202294 Madrid EFE in Spanish 1829 GMT 19 May 94

[Text] Santo Domingo, 19 May (EFE)—Dominican President Joaquin Balaguer has 29,368 more votes than Jose Francisco Pena Gomez, a 1 percent advantage, according to the vote count in Monday's elections, the Central Electoral Board (JCE) announced today.

JCE Bulletin No. 21 reported that Balaguer and his allies received 1,236,075 votes while the coalition backing Pena Gomez has received 1,205,707, a difference of 29,368 votes [as received]. These figures correspond to 97.47 percent of the electoral boards. Only 241 electoral boards remain to be tallied.

According to the JCE bulletin, Balaguer has garnered 42.39 percent of the valid votes while his opponent, Pena Gomez, has 41.39 percent.

Candidate Pena Gomez Demands Annulment

PA1905231794 Mexico City NOTIMEX in Spanish 2255 GMT 19 May 94

[Text] Santo Domingo, 19 May (NOTIMEX)—Tonight, Jose Francisco Pena Gomez, presidential candidate for the Dominican Revolutionary Party, PRD, demanded the annulment of the elections held on Monday and the holding of new elections because of alleged election fraud.

Pena Gomez made the demand before a group of diplomats and foreign journalists, who arrived in the Dominican Republic to cover the election process. The Social Democratic candidate said the annulment of the elections is the only way to prevent the Dominican masses from trying to seek a solution to the crisis by themselves.

PRSC Challenges Legality of PRD-UD Alliance

PA2005015694 Madrid EFE in Spanish 0055 GMT 20 May 94

[Text] Santo Domingo, 19 May (EFE)—Today, the Christian Social Revolutionary Party (PRSC), which proposed the reelection of President Joaquin Balaguer, challenged the alliance between the opposition Dominican Revolutionary Party [PRD] of Jose Francisco Pena Gomez and the Democratic Union (UD) before the Central Electoral Board (JCE).

In a document presented to the JCE, the PRSC said the alliance of the PRD with the UD, which is led by Fernando Alvarez Bogart, has a form defect because, when it was registered, other political parties were not informed as required by law.

Alvarez Bogart is Pena Gomez' vice presidential running mate and, according to the official JCE vote count, has obtained over 51,000 votes. Alvarez Bogart was a member of the PRSC, from which he resigned when Balaguer, 87, announced his decision to run for reelection.

The PRSC challenged the PRD-UD alliance three months after the electoral campaign began and four days after the general elections, at which point the JCE has not yet reported the official provisional results of the vote count. According to the latest official JCE report, with 97.65 percent of the polling stations accounted for, Balaguer was ahead of Pena Gomez by only 29,590 votes, or 1.01 percent of the vote.

Government Cites Observer 'Interference'

PA2005034294 Mexico City NOTIMEX in Spanish 0224 GMT 20 May 94

[Text] Santo Domingo, 19 May (NOTIMEX)—Today, official sources reported the Government of the Dominican Republic has denounced the alleged interference of journalists and international observers in Monday's electoral process.

The Foreign Ministry warned that if state security is violated, the authorities will try to stop these actions, which are considered "antidemocratic" and which have sometimes been carried out in a "veiled" manner and "brazenly blatant" in others.

In a communique issued this evening, the Foreign Ministry stated that the alleged interference of the media and international envoys is part of an "international conspiracy to unite Haiti and Santo Domingo." The document, signed by Foreign Minister Juan Aristides Taveras, added that the actions carried out during and after the electoral process by the media and international observers "is definitely unacceptable."

In an interview with the U.S. network Telemundo, Dominican President Joaquin Balaguer said the reports of fraud issued by the opposition do not alter the social peace that prevails in Santo Domingo after the general elections. "I believe this is an international plot rather than a result of Pena Gomez' claims; this has something to do with the Haitian problem, and it is the old idea of integrating the two countries," the 87-year-old Balaguer said.

On Thursday [19 May], the Dominican Revolutionary Party (PRD) began to gather the necessary evidence to prove the alleged fraud perpetrated in Monday's general elections. Social Democrat Francisco Pena Gomez ordered his lawyers to prepare the corresponding writs and lists, with names and voters numbers, of party members who were not able to vote in different provinces.

Pena Gomez said the complete set of documents will be delivered to the Central Electoral Board (JCE) and "to the world as proof of the colossal fraud perpetrated against us."

Electoral Board Begins Review of Vote Figures

PA1905175494 Hamburg DPA in Spanish 1708 GMT 19 May 94

[Text] Santo Domingo, 19 May (DPA)—This morning, the Central Electoral Board (JCE) began reviewing the figures issued in official bulletins on the results of Monday's elections, thus responding to accusations by the opposition Dominican Revolutionary Party (PRD), which said the figures are fraudulent.

The review is the result of a resolution issued last night by the JCE, which instructed the director of its vote-counting center to work with technicians appointed by the parties and the JCE advisers to review the released figures.

The PRD maintains that the numbers cited in JCE bulletins differ from those issued to the parties in diskettes that supposedly contain the same information.

The JCE vote-counting director admitted the discrepancy but explained that it is because the diskettes given to the parties do not always contain all the information released in the bulletins.

The method of review to be used by the JCE technicians and the parties has not been revealed.

Haiti

Jonassaint on Cedras, Constitution, U.S. Invasion

FL2005000994 Port-au-Prince Radio Metropole in French 1645 GMT 19 May 94

[Report on news conference by provisional President Emile Jonassaint by Rothchild Francois, Jr. at the National Palace in Port-au-Prince on 19 May; simultaneous translation of English into French and French into English—recorded]

[Text] [Francois] Attorney Emile Jonassaint, the provisional president of the Republic, agreed to answer questions by Haitian and foreign journalists at the National Palace. Answering a question about the nonexistence of a prime minister within his government, Mr. Jonassaint, the provisional president, officially declared that the Constitution has yet [as heard] been revoked. He pointed out that his cabinet is responsible to parliament.

Concerning rumors of a invasion as a resolution of the Haitian crisis, Attorney Emile Jonassaint pointed out that Haiti cannot struggle against the United States and that a U.S. military intervention to resolve the crisis would be a crime.

Concerning the embargo, attorney Jonassaint announced that his government is going to take important measures to manage the international embargo, which will become a total embargo as of this weekend. Let us listen to an excerpt of statements by Emile Jonassaint, who immediately pointed out that there is no friction between the Army and his government. Answering a question regarding General Cedras, he pointed out that Gen. Cedras is commander in chief for three years.

[Begin recording] [Jonassaint] Gen. Cedras was appointed for three years.

[Francois] Mr. President, resigning Prime Minister Robert Malval has called on taxpayers to boycott—if you would—the fiscal system. This is a call for fiscal disobedience. How do you interpret such a statement? Will your government let itself be pushed around in case the taxpayers refuse to pay taxes?

[Jonassaint] Mr. Malval has already asked all employees to resist, did he not, but nothing has been done so far. Besides, did he, himself not say on 7 February when the parliament convened that as resigning prime minister, he had nothing further to do with the business of Haiti. If Mr. Malval makes some mistake or commits some infraction of the law, he will fall under the provisions of the law.

[Unidentified reporter] Mr. President, do you intend to rule by decrees? A number of people say you [words indistinct] the Constitution. How do you intend to rule?

[Jonassaint] The Constitution has not yet been revoked.

[Reporter] Mr. President, your government does not have a prime minister. Is that constitutional?

[Jonassaint] The prime minister... [pauses] all the ministers have the right to go into parliament to defend the projects of the government even if there is interpellation. The prime minister is not the only one.

[Reporter] Mr. Malval said that your government is not legal and that you are not the president.

[Jonassaint] That is his opinion.

[Reporter] It is also the opinion of the international community. Do you not have a sense of being alone against the world?

[Jonassaint] Haiti has always been alone, ever since it became independent. Even those whom Haiti helped to become independent took sides against Haiti. This is a fact that everybody knows.

[Reporter] Mr. President, are you concerned that the U.S. might invade Haiti [words indistinct]?

[Jonassaint] Haiti does not have atomic bombs.

[Reporter] [words indistinct] what would you do and what will you do to prevent that?

[Jonassaint] To avoid it? If the United States invaded Haiti, it would simply be a crime. [end recording]

That was an excerpt from the news conference held by the provisional president, Emile Jonassaint. You will receive more details during the upcoming newscasts.

Urges Reconciliation, Unity in Speech

FL1905184694 Port-au-Prince Television Nationale d'Haiti in French 1720 GMT 18 May 94

[Speech by provisional President Emile Jonassaint on 18 May, Haitian Flag and University Day, from his home in Freres, Petion-Ville—recorded]

[Text] My dear fellow citizens: Here we are, at a moment in our history at which we are duty-bound to think about the causes that have torn asunder the fabric of the nation. The fatherland today calls for an awakening in all diverted and manipulated consciences, invites them to save our ancestors' legacy. Yes, the legacy is a heavy one; nevertheless, we must find the strength to bear it together. On this 18 May 1994, I am saying to you, here, the same thing I said in Arcahaie 44 years ago on behalf of the Senate of the Republic. Let us again take this day to pass to one another the torch of unity. Let us forget our resentments, hatreds, and quarrels, sources of deep bruises for the nation, so as to examine our motto: In Unity Lies Strength.

On this 18 May 1994 here we are, again, at a watershed in our history, when the unity of this people is as urgent

a need as it was on the day of our independence, so that we can compel recognition as a nation.

My dear fellow citizens: Already nearly 200 years ago, rallied behind the flag, on behalf of peace and the universal rights of citizens, we fought the decisive battle for freedom, thereby responding to the cries of despair and sufferings of millions of men and women remaining in the enemy's chains. Let us unite.

The symbol of a rallying and of solidarity among the population, our bi-colored flag still highlights the proud epic of our ancestors. I want this anniversary to be used to reconcile Haitians among themselves, as brothers from the same nation. The anguished fatherland today has the right to solemnly demand the help of its children. It does not wish to believe that its own sons could exacerbate even further the wounds of its distress. [As an] achievement of our people's pride, although our flag is rent asunder, let us recover the shreds, so that we can again hoist our bi-colored flag before the world. Let us together protect its honor.

In Unity Lies Strength. Hail Haiti! Thank you.

Aristide Sends Message on Flag, University Day

FL1905190894 Port-au-Prince Radio Tropic FM in Creole 1200 GMT 19 May 94

[Text] In a message to the nation on the occasion of 18 May [Flag and University Day], Haitian head of state Jean-Bertrand Aristide, who has been living in exile since the 30 September 1991 coup d'etat, says he applauds the courage the Haitian people (?have shown) since the beginning of the crisis. The president sent a message of unity, reiterating that an end must be put to the tragic situation the population has been experiencing for a very long time now.

[Begin Aristide recording] The flag of unity has existed since 18 May 1803, so Haitians can live freely in a free Haiti. Let us doff our hat to our flag.

We, like all other peoples, have a flag. It is not a gift from foreign colonists; nor a trinket, merely for display; nor an ornament for outward show. Our flag resulted from a battle against slavery. The blood of our ancestors was shed so all peoples would respect us, once we respect one another.

Let us doff our hat to our flag. Every time we hoist our flag, what we are hoisting is the symbol of that very freedom. Every time we sing our national anthem, we are swearing ipso facto that Haitians live freely in a country that is theirs.

Let us doff our hat to our flag. That must be done. We must have it done. We must all join hands so that Haiti can be released from any disguised form of slavery.

The dreams of our students are our nice university dreams. [sentence as heard] Congratulations to you! An avalanche of admiration and respect to the memory of all students who (?have died), like stars of hope! To (?honor) their memory, we must lift Haiti's chin. [end recording]

Diplomats Meet With, Reaffirm Support for Malval

FL2005003294 Port-au-Prince Radio Tropic FM in Creole 1200 GMT 19 May 94

[Passages within quotation marks in French]

[Excerpts] The diplomatic corps have answered resigning Prime Minister Robert Malval's invitation to support the legitimate Haitian Government. Several diplomats accredited to Port-au-Prince say they do not favor a foreign military intervention in Haiti to dislodge the military rulers. Let us listen to Mirlene Joanis.

[Begin recording] [Joanis] The four countries that claim to be Haiti's friends asserted once again at the residence of Prime Minister Robert Malval that the rumors of military intervention are unfounded. U.S. Ambassador to Haiti William Lacy Swing reaffirmed the intention of the United States to carry on with the negotiated, diplomatic path. [passage omitted]

[Venezuelan Ambassador Elsa Boccheciampe] The Venezuelan ambassador to Haiti has the same opinion as the little Friends of Haiti. "We are part of the group of friends; we make decisions; and we share the opinions of the group of friends."

[Joanis] French Charge d'Affaires (Philippe Seltz) says: We just support a deployment of MINUHA [the United Nations Mission in Haiti]. But is the decision, made jointly by the military rulers and some parliamentarians, not a slap in the face of the international community? (Seltz) thinks Haitians are sovereign in their country and they can do what they want.

[(Seltz)] "The Haitians are sovereign and [words indistinct]."

[Joanis] If Haitians are sovereign, why is the French charge d'affaires at the Malval residence?

[(Seltz)] "It is simply because he invited us to come today. In fact, as he told you, we talked about issues relating to the university. He wished to know our viewpoint on certain proposals. When the legitimate prime minister asks me to visit him. I do so, just as my colleagues in the diplomatic corps would."

[Joanis] As for Canadian Charge d'Affaires (Louis Robert D'Aigle), Canada is still on the diplomatic path for restoring democracy.

[(D'Aigle)] "Here we maintain the same hope, the (?conviction) that the crisis will be resolved in the general interest of the Haitian people as they expressed it in (?1987)."

[Joanis] "[words indistinct] President Aristide will no longer officially be president."

[(D'Aigle)] "Listen, we will see at that moment. It is perhaps... [pauses] Politically, 12 months is an eternity. We must always, we are going to support all efforts aimed at restoring constitutional order."

[Unidentified reporter] "Canada does not favor a military intervention in Haiti?"

[(D'Aigle)] "[words indistinct] expressed himself very clearly about that. We have thought about adopting complete sanctions, which will undoubtedly be enforced this weekend. We will see at that time."

[Reporter] "Mr. Ambassador, are you optimistic about a possible return of President Aristide to the country?"

[(D'Aigle)] "I have an optimistic nature."

[Joanis] Within the scope of the negotiated diplomatic path, (William Gray), who replaces Mr. Pezzullo in the Haitian crisis, will arrive in Haiti next week. Does this emissary intend to meet either with the military rulers or with the de facto government? Mr. Swing does not know.

[Swing] "I do not know yet. I do not know [words indistinct]. I did not talk about that. I do not know what the agenda upon his visit to Haiti will be. I do not know."

[Joanis] Whereas the Haitian crisis has reached a watershed with the installation of Attorney Jonassaint to power, the four countries that say they are Haiti's friends have stuck to their positions. They have the same speech. The speech is not renewed. Everyone is wondering what the country's democratic future will be. Observers are very worried. But Prime Minister Robert Malval has no reason not to believe in the good intentions of the international community.

[Malval] "I have no reason not to believe in them. In October, I expressed the reproaches I had to level at the international community."

[Jonais] The friendly countries, the little Friends of Haiti have taken a clear stand. For the time being, they are not favorable to the idea of military intervention. They favor instead a total and complete embargo, a sanction that will be effective as of 22 May. [end recording]

Deputy Foreign Secretary on Foreign Observers

PA2005042394 Mexico City LA JORNADA in Spanish 19 May 94 p 6

[Article by Blanche Petrich]

[Text] Deputy Foreign Relations Secretary Andres Rozental has said here that the initiative of Senators Robert Torricelli and David Bonior, who oppose NAFTA, presented yesterday to the U.S. Congress in Washington to ensure that U.S. demands that Mexico accept the presence of foreign observers during the August election, is "unnecessary, rather unserious, and disqualifying in essence."

As he commented on the U.S. congressmen's proposals, the Mexican diplomat stressed the position already taken by the Mexican Embassy in Washington. "The nature of the Mexican electoral process is something that concerns neither the U.S. Congress nor the U.S. Government."

As for the concept of "foreign visitors" which the Mexican Congress already included in the Federal Code of Institutions and Electoral Procedures (Cofipe), Rozental pointed out that the government "so far" has not anticipated inviting any foreign figure or institution to witness the development of the general elections. "Should there be an agreement on this issue among the nine political parties, I am sure the government would not oppose it."

He also explained that the procedures to extend the invitations will "not necessarily" be accomplished through the Foreign Relations Secretariat. "In that case, the Federal Electoral Institute [IFE] and Government Secretary Jorge Carpizo, as IFE president [as published], must extend the invitations."

According to a document by the UN Electoral Assistance Unit, headed by Horacio Boneo, the Mexican Government is reportedly studying the possibility of authorizing "foreign visitors" who, it is believed, would join the group of almost 15,000 national observers who will verify compliance with the laws at the 94,000 electoral booths that will open nationwide on 21 August.

Last week, these observers, members of a large network of nongovernmental organizations grouped under the Observation 94 Civic Alliance, agreed with the United Nations to set up a mechanism to receive training and counsel from the UN Electoral Assistance Unit.

Meanwhile, the process to reform Cofipe to allow the presence of "foreign visitors" ended on 13 May, as the Congress unanimously approved the inclusion of this new concept in Mexican legislation. The only thing left to do is to include the definition, responsibilities, and limitations of these "visitors" in the regulating law.

So far, only the Confederation of Industrial Chambers has planned to invite some foreign institutions, including the commission headed by former U.S. President Jimmy Carter, as "visitors." It is expected political parties will hand out their own invitations to similar institutions and personalities.

The Bonior-Torricelli initiative, which is based on the concept that NAFTA must foster a spirit of "familiarity" among its three members in all fields, including politics and democracy, failed to receive the endorsement to be presented to the U.S. House of Representatives. It seems only 14 representatives are supporting it, and the Foreign Affairs Committee is refusing to back it.

"I have the impression that in addition to a few Mexico-bashers [previous word published in English] there, no further support is going to be found; Bonior and Torricelli will achieve nothing." The deputy secretary stressed that the wording of the initiative by these two Democratic congressmen has "meddling undertones," and it is completely fruitless.

"The U.S. Government, even Bill Clinton himself, has supported all efforts made so far to improve the electoral process and, above all, the foreign observation issue, which we are resolving *on our own [motu propio]*. This Torricelli play does not even help."

The duo had previously presented several initiatives on Mexico. The two of them were very active in opposing NAFTA because they thought Mexico lacked the merits to become a privileged member of the northern hemisphere. Recently, they attempted to encourage Congress to discuss the Chiapas conflict.

"I feel Torricelli, with his Cuban perceptions on his back, is very resentful because he failed to convince our government to support his anti-Cuban policies," said the deputy secretary. As for Bonior, "this is his revenge for failing to halt NAFTA." The thing "is that neither of them knows Mexico, and it shows."

Students, Bus Owners Clash in San Luis Potosi

PA2005032394 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 19 May 94

[Report by Luis Vasquez Merino from the "Early Morning" newscast]

[Text] There was violence in San Luis Potosi yesterday. Thirteen urban transportation buses were burned and 10 cars destroyed when autonomous University of San Luis Potosi students clashed with bus owners and gang members.

The incident started in the morning when the students, led by their leader (Ramon Puron Cir), seized about 20 public transportation buses and kept them inside the university campus to protest the large number of people killed by buses and the humiliating treatment afforded users.

The bus owners, accompanied by gang members, stoned buildings and cars owned by professors and burned a car. The students responded by burning 10 [figure as heard] of the seized buses.

[Begin unidentified speaker recording] Our stand is to hold talks and do our best to ensure that they pay for the damage, which is quite considerable. Things like this should not happen at a university. [end recording]

All this transpired as public forces watched from a nearby street but did not intervene, arguing that they could not violate university autonomy.

The Red Cross treated at least 12 people, most with minor head injuries. Governor Horacio Sanchez Unzueta, who marked his first year in office yesterday, said the violence was provoked by people not affiliated with the university. He added that this incident will be fully investigated and those responsible will face the full force of the law.

Attorney General's Office Linked to Drug Trafficking Failures

PA1905231994 Mexico City EL FINANCIERO in Spanish 17 May 94 p 42

[Text] The changes at the Attorney General's Office [PGR] are linked to the results of the struggle against drug trafficking. Of the four attorney generals who have left their post, three have fallen into disgrace. They were fired for their inability to fight drug trafficking and only one of them, Jorge Carpizo McGregor, obtained positive results. This served to promote him to a higher position: government secretary.

In a PGR analysis of the administrations of the four attorney generals this institution has had and is expected of the fifth appointed in this six-year administration, it is noted that Carpizo McGregor was the one who achieved the greatest control of the PGR. He controlled "up to 35 percent," the remainder (65 percent) was controlled by the large drug trafficking organizations and the territories they managed.

Of the other three attorney generals, Enrique Alvarez del Castillo was considered the most negligent. He never established any type of control of the PGR. During his administration, the drug cartels appointed and removed government officials. During Ignacio Morales Lechuga's administration, up to 15 percent was under his control, although he was forced to resign when that control dropped to 5 percent.

During Carpizo's administration, control of the PGR rose to 35 percent, while during Diego Valades' administration, control was lost once again as he surrounded himself with officials who had "dubious" backgrounds. The percentage of control fell to 10.

Humberto Benitez Trevino, the fifth attorney general, to a certain extent has been appointed to direct blows against drug trafficking, but his main concern is the electoral problems and the crimes that may arise.

First Attorney General

1 December 1988 to 21 May 1991.

Enrique Alvarez del Castillo, former Jalisco governor, was appointed attorney general by President Carlos Salinas. He took over the post on 1 December 1988.

Without any control of the PGR, Alvarez del Castillo delegated the PGR's main duties to Javier Coello Trejo, who he appointed deputy attorney general in charge of combating drug trafficking. According to the PGR analysis, Coello Trejo gave support to cartel "A" in Tamaulipas led by Juan Garcia Abrego which competed with cartel "B" in the Pacific, led by Armando Carrillo Fuentes. In addition to the above, Coello Trejo and his police officers acted with impunity. The cases of rapes and kidnappings of women in which his officers were involved damaged even further his image.

From 1989 to 1990, the drug-trafficking heyday continued until the murder of Norma Corona, the president of the Human Rights Commission of Sinaloa, on 21 May 1990. Citizens' pressure forced Salinas to organize a National Commission for Human Rights (CNDH).

Salinas placed Jorge Carpizo, former president of the National Autonomous University of Mexico, at the helm of the CNDH. Salinas was forced to give total support to Carpizo. This in turn resulted in the fall of Alvarez del Castillo, who had lost control of the PGR, and Coello Trejo on 21 May 1991.

Second Attorney General

22 May 1991 to 4 January 1993.

Ignacio Morales Lechuga, the new attorney general, appointed Jorge Carrillo Olea to replace Coello Trejo. He was not appointed as deputy attorney general, however, but as coordinator in the struggle against drug trafficking. The new coordinator's struggle against drug trafficking took off until it confronted Hector Palma, alias "El Guero," who was engaged in a struggle with capo Miguel Felix. This resulted in a shoot out and a massacre among drug traffickers in Sinaloa and Tijuana, territories controlled by these gangs.

At the same time, a confrontation took place between "El Chapo" Guzman and the Arrellano Felix gang when the former entered the heroin market in addition to stealing three cocaine shipments from the Arellano Felix gang.

During Morales Lechuga's administration attempts were initiated to reduce capo Garcia Abrego's influence in the PGR, given that in the previous administration under Alvarez del Castillo, Garcia Abrego designated deputy district attorneys, delegates to the states, and distributed large sums of money.

Although during Morales Lechuga's administration there was an attempt to reduce the drug cartels' influence, Garcia Abrego influenced PGR decisions at the highest levels, Arellano Felix at the mid-level, and Amado Carrillo at the lower level.

Third Prosecutor

5 January 1993 to 10 January 1994

When Jorge Carpizo initiated his administration at the PGR, he left Carrillo Olea at the forefront of the struggle against drugs. Nevertheless, from day one it was noted that Carpizo would not follow in the steps of Ignacio Morales. He started by taking control of his office and learning the PGR reality, which he began to control.

"With Carpizo at the helm, none of the PGR officials budged, they all walked a straight line—at least that was the appearance. At any time, a special investigation group could surprise them and if any irregularity was uncovered they lost their jobs or they ended up in jail. This instilled fear in many of the officials," remarked one of the sources consulted.

Everything went well for Carpizo until 1 January 1994 when the insurrection took place in Chiapas. Beginning in January, a "witch hunt and repression" was initiated in all the nation's police institutions as a result of this armed conflict.

At that time, from the Center of National Security at the Government Secretariat, Fernandez de Villar attempted to involve Carpizo in this "witch hunt and repression." The attorney general, however, cleverly pointed out that the PGR had nothing to do with the Chiapas conflict, therefore, it was not its responsibility.

Fourth Attorney General

11 January 1994 to 13 May 1994

Diego Valades, who came from the Federal District Prosecutor's Office, came to the PGR with the mission and with the same line of conduct as Carpizo. Nevertheless, Valades' problem was that he sought political posts with greater responsibility such as Queretaro Governor or a seat on the Supreme Court of Justice. This took up his time as well as much of the push Carpizo gave to the PGR. The PGR began to fall by the way side.

Valades appointed to his work team deputy attorney generals who were publicly questioned for being corrupt such as Rene Gonzalez de la Vega and Alfonso Cabrera. Moreover, he made important changes in PGR representatives at several institutions; this allowed drug trafficking to blossom.

In addition to this, Valades made a mistake when he attempted to present new charges against Mario Aburto, Luis Donaldo Colosio's murderer, for "false testimony." Aburto had never declared he was telling the truth before any judicial authority. Valdes also made a mistake by fighting the National Action Party team that governs Baja California, while he conducted operations and made statements that placed the PGR's legality in doubt.

This attorney general felt a great deal of pressure and anger, first because a Special Prosecutor's Office was not created for the Colosio case, and second for the creation of the National Public Security Coordinator, headed by Arsenio Farell.

Fifth Prosecutor

14 May 1994 to ?

Humberto Benitez Trevino took over the post of attorney general on Saturday. His main challenge is not the struggle against drug trafficking, rather it will be to combat electoral crimes.

Reporter Jailed After Denouncing Police Corruption

PA2005034894 Mexico City XEW Television Network in Spanish 0430 GMT 19 May 94

[From the "24 Hours" newscast]

[Text] On the morning of 17 May, Televisa Coahuila correspondent Juan Andres Martinez reported on "The Awakening Program" hosted by Guillermo Ortega that judicial agents protect drug traffickers in the city of Saltillo. As a result of this report, Martinez was arrested.

At the office of Judicial Police Commander Mario Espinoza Lobato, Martinez was accused of committing a serious offense by tarnishing the image of the Attorney General's Office, PGR, with his report. The Televisa correspondent was arrested without an a warrant. He was held incommunicado for nearly nine hours and was transferred to the Saltillo Prison, where he remained until this afternoon. This occurred after he broadcast a report which the PGR station in Coahuila did not like. They are now saying that he committed other offenses. We find this very strange, however. We are asking that the abuses against correspondent Juan Andres Martinez be dealt with in accordance with the law.

El Salvador

Cristiani on Onusal, Kidnappings, International Aid

PA1905144994 San Salvador Radio Cadena YSU in Spanish 1800 GMT 17 May 94

[News conference by President Alfredo Cristiani with unidentified reporters on 17 May; place not given; from the "YSU Radio News" newscast—recorded]

[Text] [Cristiani] As long as compliance with parts of the peace agreements is pending, and because Onusal [UN Observers for El Salvador] is in charge of verifying compliance; it is only logical that it continue its work until the process is over, gradually reducing its activities in the final phase, as the UN secretary general has said. We believe the extension is normal in view of pending matters such as public security, the PNC [National Civilian Police], and the land transfer process, which will continue after 31 May. I believe the extension is necessary.

[Reporter] We understand that the Onusal head will hold a high-level meeting on public security this week with the FMLN [Farabundo Marti National Liberation Front] and the government. What specific public security issues will be discussed? Has that meeting taken place?

[Cristiani] No, no, there has been no meeting. A preparatory process in under way to discuss preliminary issues. The most difficult points are discussed at the highest level. We are trying to redesign the PNC deployment—at least that is the government's position—to avoid the vacuum of authority that could result from expediting one aspect of a joint process; that is, the deployment of one force and the demobilization of another. This was originally planned one way, so we must try to modify the plan so the next government [words indistinct] the deployment would take place differently. The objective is to provide security for citizens.

[Reporter] How are the kidnapping investigations going, particularly in the western region?

[Cristiani] The kidnappings have not been just in the western region. Recently three [words indistinct] have been involved in this type of activity in the eastern region, and there have also been cases in other parts of the country. The western region has been the most affected recently. We hope to continue [words indistinct].

[Reporter] Yesterday [word indistinct] said this could affect the financial [words indistinct]. Our country is reportedly among those which represent the highest risk for investors.

[Cristiani] We are not among the countries with the highest investment risks. We are no longer in that category. We are now among countries where investment is not so risky. This is a problem of common crime that is not unique to El Salvador. Crime is a problem everywhere. We could say it is worse in Guatemala, and even Costa Rica is facing serious crime problems. The modus operandi of these extortions and kidnappings indicate that it is not a band of criminals specializing in such crimes but common criminals who think it is easy to blackmail a family by asking for large sums of money in exchange for the release of one of its members. I believe that as we increase the number of PNC agents, we will be able to fight crime more efficiently.

[Reporter] [Words indistinct] involved in kidnappings?

[Cristiani] There have been two cases.

[Reporter] The UN secretary general said international aid is vital to the consolidation of the peace process. Do you agree that international aid is fundamental to the process in respect to public security and land transfers?

[Cristiani] It is fundamental in the sense that the country lacks funds. Those programs can be implemented more quickly and without problems when the international community supports them. As for the land transfers, we think we have the necessary funds to complete that program. The PNC is responsible for public security, therefore the state is willing to continue providing the necessary funds for a public security body that meets our needs.

[Reporter] Would you say that those who gave financial support to El Salvador [word indistinct] have abandoned the country in peacetime ?

[Cristiani] I would not say that. Each country has its own problems. New needs are arising in the world so resources must be shared. East Europe, which has given up communism and is trying promote development, has received a great deal of support from industrialized nations.

Guatemala

Police Defuse 9 Explosives in Capital, Countryside

PA1905173494 Panama City ACAN in Spanish 1546 GMT 19 May 94

[Text] Guatemala City, 19 May (ACAN-EFE)—Official sources reported today that Guatemalan state security forces defused nine explosive devices that guerrillas had planted in several places throughout the capital city as well as in the countryside.

Police found two fragmentation grenades and guerrilla propaganda in the community of Molino de las Flores, south of Guatemala City. The guerrilla propaganda demands that the government and the Armed Forces honor the global agreements on respect for human rights.

Six other explosives were uncovered in the southern sector of the city, including three RPG-7 rocket launchers.

In addition, a Guatemalan National Revolutionary Unity (URNG) propaganda bomb was defused in Chichicastenango, in the northwestern part of Quiche Department.

According to the National Police, approximately 50 explosive devices have been defused so far in 1994.

President Threatens To Suspend Return of Refugees

PA1905223994 Guatemala City SIGLO VEINTIUNO in Spanish 18 May 94 p 4

[Text] On 17 May, President Ramiro De Leon Carpio threatened to suspend the return of Guatemalan refugees from Mexico, according to the laws that apply to all Guatemalans if the leaders of the Permanent Commission for Refugees [CCPP] continue to violate agreements and defy authorities.

If they choose to return to the areas where armed clashes are taking place, the Army must be there, and that is why it is impossible to accept their petitions to withdraw the Army. In addition, this is not contained within the agreement. If they do not heed the established legal order, the return of refugees will be suspended, De Leon categorically stated.

De Leon noted that he is not willing to accept responsibility for the refugees' security despite his obligation as representative of national unity and the state to seek to maintain the security and peace of Guatemalans.

It so happens, however, that they are coming with improprieties, demands, and lies because they begin doing this once they reach Guatemala, in addition to manipulating the people. Two or three leaders are manipulating the rest of the refugees, who only want to come and work their lands, and this is why we must be firm. Either they comply or we suspend their return, De Leon pointed out.

De Leon said that on the afternoon of 15 May, Mauricio Rodriguez, dirctor of the Special Commission for Assistance to Repatriated People, asked him for authorization to suspend the return, which he agreed to do in light of the official's judgment and devotion.

He went on to explain that the intransigence displayed by the CCPP leaders is regrettable and disappointing because behind it all there is an entire process by the mediating group, of which he was a member. The mediation and the support groups established the mechanisms and stages.

De Leon argued that attitudes like those of the said leaders, who even risk the lives of the refugees, show that this manipulation exists and those who have been close and know in advance the movements and the elements involved in the return operation find it undeniable.

De Leon reiterated that all Guatemalans abroad, in accordance with the Constitution and government guarantee, are entitled to return any time. This is also true in light of the agreements signed in August 1992 and January 1993.

The government is willing to continue with mass and voluntary returns, but only if the conditions set are respected. They cannot claim they will organize their own civilian authority, De Leon concluded.

Nicaragua

Daniel Ortega: FSLN Grassroots Must Define Party

PA1905225494 Managua BARRICADA in Spanish 19 May 94 p 5

[Report by Tatiana Rothschild]

[Text] Juigalpa, Chontales—Here in a meeting with congressmen and guests of the extraordinary congress that will take place this weekend in Managua, Commander Daniel Ortega Saavedra said that "the FSLN [Sandinist National Liberation Front] candidate who emerges from the consensus is going to be the unity candidate." Ortega confirmed to Chontales Department congressmen his pledge to "respect the congress results even if they do not agree with the positions we are defending from the rank and file."

Ortega regretted having to compete for the post of secretary general with Commander Henry Ruiz and considered that those who try to run down or alter the principles that have guided the FSLN are gaining from the conflict. The current FSLN secretary general recognized Commander Ruiz as the revolutionary leader who historically has maintained leftist positions and expressed surprise that those who lean toward social democracy have taken shelter under Ruiz' candidacy. Ortega said "any Sandinist can have this aspiration, but the grassroots, who demand unity around popular struggles, must be the ones to define the party we want."

Peasant leader Celestino Garcia demanded it be noted clearly on the record that the launching of Commander Henry Ruiz' candidacy by Chontales Department Political Secretary Luis Enrique Figueroa was in Figueroa's capacity as a Sandinist follower.

Benedicto Miranda, Sandinist Youth department coordinator, questioned the role of journalists, who have assumed the task of deepening the trends rather than highlighting the party's platform program.

FSLN Sectors Reject Borge Bid for Assembly Results

PA1905144194 Managua EL NUEVO DIARIO in Spanish 17 May 94 p 8

[Text] Sandinists consulted by EL NUEVO DIARIO have criticized Commander Tomas Borge's statements to a local

radio station yesterday, for what they called "a one-sided interpretation" in the sense that Borge is trying to get the results of the so-called departmental assemblies to serve as a mandate for representatives to the FSLN [Sandinist National Liberation Front] Congress.

It is no secret that the immense majority of the departmental assemblies, which are being held prior to the special session of the Sandinist Congress, have been ad hoc assemblies without any type of statutory legitimacy except in two or three departments where congresses were really held.

Anyway, according to the congress representatives who were consulted, if any document can be taken as a reference point for voting in the special session, it would be the documents that resulted from consultations with the rank and file, not the ones from these assemblies because most of the latter were so outrageous that they resolved exactly the contrary of what the rank and file had decided.

According to Tomas Borge, former President Daniel Ortega won a majority of votes at all those "legitimate party assemblies" to continue being the secretary general of the Sandinist Front. In this respect and according to his figures, Daniel obtained 1,198 votes; followed by Borge himself with 1,180; and in third place, Monica Baltodano with 1,112; and Commander Henry Ruiz with 1,092 votes.

The Sandinists consulted have asserted that Borge's statements are "an attack against the secret vote of the national congressmen." They warned against "shallow, one-sided interpretations" of their followers' votes and noted that the true accounting will follow when the national representatives to the FSLN Congress cast their personal and secret votes.

Borge thinks the results and decisions of the assemblies have to be transferred to the Congress. "Each one has to be faithful to the mandate of the rank and file. If not, it would be a betrayal, a felony," the former interior minister said in reference to the issue.

But the Sandinists, who reacted shortly after Borge's statements, asserted that Tomas is trying to suspend the Congress and is implying that the results of the voting at the assemblies take the place of the special session. They added that this is nothing more than "another sign of the desperation created by Commander Ruiz's candidacy for secretary general." This is all as untrue as the idea that someone in the rank and file has asked him to be secretary general, they added.

Their desperation has gone so far that Borge, joining the chorus of slurs, has indicated that Ruiz is the candidate of the rightists and reactionaries. "I would not like to be a candidate backed by the spokesmen of right-wing sectors," Borge said, implying that such spokesmen supported Ruiz in an effort to divide the FSLN or because they felt Commander Ruiz represented them.

FSLN Leader Calls for Unity To Win 1996 Elections

PA1705200494 Managua BARRICADA in Spanish 16 May 94 pp 1, 6

[By Alfonso Malespin Jiron]

[Text] Commander Henry Ruiz proposed unity beyond the Sandinist National Liberation Front [FSLN] in order to attain the unity of the Nicaraguan people and win the 1996 elections. Ruiz made the statement in the Monimbo neighborhood of Masaya one day after announcing his candidacy for the FSLN secretary generalship.

At a preparatory meeting for the FSLN Special Congress, Ruiz urged Sandinists to elect a secretary general who will promote a strong party. He urged them to choose "a secretary general who represents unity, not bands or gangs," because that would turn the FSLN into a minority party."

Ruiz stressed that all FSLN members are revolutionaries and leftists. It is not as some people "have been saying over the past two days, that there are Sandinists on the right and the left."

In a speech before some 200 Sandinists at the Minimbo gymnasium, Ruiz said he is "totally convinced that unity is the only solution" for Sandinists.

Ruiz, who is known as Modesto among the Sandinists, said that this unity is urgent. "While we are here talking, (Managua Mayor Arnaldo) Aleman is creating an army of between 40,000 to 50,000 activists. What are we doing in the meantime?" he asked.

"If we are defeated (in 1996), it will be because we are divided while they are united and working together," he warned. Ruiz, who is also FSLN treasurer and member of the Ethics Commission, said the renewal of the FSLN is necessary because Nicaraguan society is becoming more democratic every day.

"The FSLN's renewal is not treason; it is a revolutionary step. Anyone who takes a defensive stance is not on the right track," Ruiz noted.

This renewal process, however, requires one line of ethics, Ruiz added. "A revolutionary cannot have a set of ethics different from those held by his party," he stressed.

Those ethics should be based on peace and should help resolve the problem known as "la pinata," an aspect that Ruiz described as an ethical flaw that "stains the Sandinist record."

"Ideas cannot be fought by disqualification," Ruiz said, demanding an open and fair debate among Sandinists. "I am still opposed to the use of dirty methods in the debates," he stressed. "If this is what happens on the eve of the convocation, what can be expected at the Congress

party?" Ruiz asked those present, among them Deputies Doris Tijerino, William Ramirez, Danilo Aguirre, and Julio Marenco.

During his visit to Masaya, Ruiz said he favors keeping the National Directorate name, which can be expanded and renewed to maintain some historical factors and ensure continuity. At the same time, he said the current trends "will be dissolved if we find the correct solutions for our problems."

He also noted his contributions to the debates among the Sandinists, to which the National Directorate was opposed. "We are glad we supported those trends (of opinion) because now we have the opportunity to discuss our views," he concluded.

Minister Refuses To Rule Out 1996 Election Bid

PA1905143994 Managua BARRICADA in Spanish 18 May 94 p 4

[Report by Alfonso Malespin Jiron]

[Text] Yesterday, Presidency Minister Antonio Lacayo virtually proclaimed his presidential candidacy for the 1996 elections. He did so on Radio Ya when speaking in favor of an organization he called "Democratic Convergence."

During his extended interview, he said the political right "is trying to glamorize former President Daniel Ortega so he, who is politically depleted, will run in the 1996 elections and lose and they, the right, will win. But," he cautioned, "they are forgetting about us—the Democratic Center."

The announcement was made when Carlos Guadamuz, director of that radio station, asked Lacayo if he will run as the head of the convergence, to which Lacayo also refers as the Center. The minister answered: "One word to the wise is sufficient." Lacayo said: If this Convergence "believes I am the person who has led the country's economy down a good road" and decides to nominate me, "I will not evade this task."

He then noted that what is important is that the political center win. He positioned the government of Violeta Chamorro, who does not belong to any party, in this center. The Chamorro administration was born of a 14-party alliance.

Lacayo said the political center will "choose the best Nicaraguan for the 1996 candidacy" and that as long as there is a centrist government, the right does not stand a chance of winning the 1996 elections."

Lacayo noted, as he did two weeks ago in Mateare, that the people do not want "the liberal-Somozist option" or the Sandinists to win the elections because the country would be polarized. The presidency minister said that a centrist government is necessary to "control the extreme right and the extreme left."

According to Lacayo, Democratic Convergence must not function on the basis of personalities, "as this would generate division and jealousy and because the work must not favor any particular candidate, even if the candidate is Antonio Lacayo."

Finance Minister on World Bank, IMF Agreements

PA1905151594 Managua BARRICADA in Spanish 10 May 94 pp 1, 8

[Report by Roberto Larios]

[Text] Last week in Washington, the government concluded negotiations on the agreements known as ESAF [Enhanced Structural Adjustment Facility] and ERC-II [expansion unknown], after succesfully obtaining $27.5 million in loans on top of those that the World Bank and the IMF had already approved for a total of $259 million. Finance Minister Emilio Pereira reported this yesterday at a news conference.

Given that the negotiations concluded last week, Pereira described as "extraordinary" the fact that the first disbursements "will not come from originally budgeted resources, but from those that were allocated to four African countries that failed to implement their economic programs and left intact the $120 million the World Bank had budgeted for the next three years."

The first loan disbursement—about $67 million in support of the balance of payments—will be made on 24 June. The agreements will be ratified at board of directors meetings at the World Bank on 21 June and at the IMF between 22 and 30 June.

Pereira reported that besides reviewing the loan contracts, the Nicaraguan ambassador to Washington has been authorized to sign the loan contracts on behalf of the Nicaraguan Government as soon as the board meetings end. These loans will be used immediately to pay for imports made since January. The Central Bank is already lining up import bills, up to a maximum of $20 million, in order to pay them as soon as the loans are disbursed.

The IMF and the World Bank "gave their full approval" to the letters of intent sent by the government, Pereira added. He said that the World Bank's Nicaragua Consultative Group will meet on 16 June in Paris. The meeting will focus exclusively on Nicaragua. The discussion on Honduras and Guatemala has been suspended "because those countries failed to implement their economic programs on schedule," the minister said.

Consultative Group's Agenda

The agenda approved for the Consultative Group's meeting includes a review of the progress thus far and a review of the 1994 plan. The second session will analyze the medium-term agenda, 1995-96, when Nicaragua will try to secure additional development resources.

Finally, at the closing session, "before the countries say how much they will contribute to support us, we will discuss the government's priority programs and will focus on social programs to ease poverty and on a program to reform the public sector," Pereira added. The minister said that World Bank President Dr. Preston and the President for Latin America Dr. Burky will visit Nicaragua in September.

The government committed itself to continue implementing the ESAF and to immediately issue three decrees, the first eliminating ministers' discretionary power to issue fiscal decrees, the second requiring the government to publish such decrees in the official newspaper LA GACETA, and the third abolishing taxes on luxury goods and on selective consumption, replacing them with a temporary protection tariff and a specific consumption tax.

The government also committed itself to "fully promote" the privatization of Nicaraguan Telecomunications and Postal Services Institute. This process is expected to conclude in September. A bill will be introduced in the National Assembly for this purpose.

2,000 Take Advantage of the PML [Job Mobility Plan]

Pereira reported that 2,000 state workers have taken advantage of the PML since last September; 260 new applications were filed in the past two months. The minister said: "We see no problem in reaching our goal" of having about 5,000 citizens take advantage of this plan. In fact, "there is actually competition among the unions, which are asking us to "apply it here first." [quotation marks as published]

Pereira denied reports that he will be transferred to the Nicaraguan Embassy in Washington. "This ministry has been the target of many attacks since 1990, including media campaigns to discredit us, reports that I am sick, threats against my mother telling her to pick me up at a place known as Cuesta del Plomo at midnight, and obscene phone calls to my wife," he added.

The minister said such reports are part of a campaign to destabilize the government. "I am here to stay. I am a father, I have seven children and one of them has undergone seven open-heart operations. I returned to Nicaragua, never to leave again," Pereira added.

Roundup of Economic Developments bat[ACAN, etc.]

PA1005200894

[Editorial Report] The following is a compilation of reports on economic developments monitored through 17 May.

The 1993-94 coffee harvest recently ended in Nicaragua. It produced 920,180 quintals of coffee, which will generate exports of more than $58 million, the National Coffee Commission reported today. It represents a 27.6 percent increase over the previous year's harvest. (Panama City ACAN in Spanish 1526 GMT 4 May 94)

The Nicaraguan Government, through Social Action Minister William Baez, has approved the "open regionalism" proposal for the creation of a free trade zone in the hemisphere. The proposal was made at a Latin American Economic Commission meeting in Colombia 20-27 April. Meeting participants agreed that economic policies need to be changed to help the poor. (Managua BARRICADA in Spanish 5 May 94 p 4)

The Nicaraguan Government cannot lower interest rates on bank loans by decree, according to the president of the Central Bank of Nicaragua, Dr. Jose Evenor Taboada. Taboada said that only by way of efficiency and productivity can the country combat prevailing high interest rates. (Managua Radio Nicaragua Network in Spanish 1200 GMT 10 May 94)

A total of 95 percent of the Nicaraguan population is unemployed. Most of these people have joined the underground economy, while a small percentage of them work for short periods of time in various occupations, according to a joint report issued by the private sector and the Permanent Workers Congress. (Managua Radio Nicaragua Network in Spanish 1200 GMT 10 May 94)

On 12 May, the National Assembly passed an anti-usury law empowering any civil judge to void any loan granted at an interest rate 50 percent above the rate established by the Central Bank. (Managua BARRICADA in Spanish 13 May 94 p 10)

On 13 May, the National Assembly voted unanimously to ratify the Guatemala Protocol, which will regulate free commerce among Central American countries. This agreement does not contain the specific rules of the Central American Free Trade Agreement but does reflect the political commitment of the Nicaraguan State to participate, even with the restrictions imposed on it by its unequal development. Deputy Economy Minister Eduardo Belli said the protocol represents a new development strategy based on economic openness. (Managua BARRICADA in Spanish 14 May 94 p 5)

On 16 May, the Nicaraguan Government asked the international community for an additional $180 million in aid for the next three years. Presidency Minister Antonio Lacayo made the request at the opening of the meeting between the Nicaraguan Government, donor countries, and nongovernmental institutions that provide economic assistance to the country. According to government predictions, the GDP will grow 2 percent. (Managua Radio Nicaragua Network in Spanish 1200 GMT 16 May 94)

Panama

Government Approves of New U.S. Ambassador Appointment

PA1905214894 Paris AFP in Spanish 2101 GMT 19 May 94

[Text] Panama City, 19 May (AFP)—Foreign Minister Jose Raul Mulino today reported that the Panamanian Government has approved the appointment of Robert Pastor, whom U.S. President Bill Clinton will name to replace Deane Hinton at the U.S. Embassy in Panama City.

Mulino told AFP that Panama has already approved Robert Pastor, 47, who is considered a specialist in Latin American affairs. Ambassador Deane Hinton, who retired in 1993, was appointed in the aftermath of the 1989 U.S. invasion that overthrew General Manuel Antonio Noriega. U.S. Charge d'Affaires Oliver Garza temporarily replaced Hinton.

Perez Balladares on Policies, Party Role

PA1905221394 Panama City Circuito RPC Television in Spanish 0225 GMT 18 May 94

[Interview with President-elect Ernesto Perez Balladares by "Democracy '94" program host Hugo Enrique Famania at the RPC Television studios in Panama City; date not given—live or recorded]

[Text] [Famania] Mr. Perez Balladares, good evening and thank you for being with us.

[Perez Balladares] My pleasure. Good evening to all.

[Famania] Mr. Perez Balladares, 106 days have elapsed since you came to "Democracy '94" and we reviewed your campaign promises. On that occasion you said there were firms interested in fulfilling some of your plans; for example, the David-Paso Canoas expressway, the Panama-Colon expressway, the Chorrera-Capira expressway. How have these firms reacted to your victory?

[Perez Balladares] They are preparing to come here. We started contacting them the day our victory was proclaimed and we are still doing it. There are Mexican firms, some U.S. firms, and a Spanish firm. They are preparing to come to Panama to talk about the projects, especially the Panama-Colon expressway, which is the one that interests us most.

[Famania] When do you think you might begin these projects, which will become the employment solutions you also promised to give?

[Perez Balladares] The ideal time would be during the dry months of 1995, meaning January. Of course we must first wait for 1 September [chuckles] and then get the entire government interested in this topic, the public works minister and everyone concerned. The final designs must be prepared. We think they could be done quickly, probably in three months. Then we would start working during the dry months, January and February 1995.

[Famania] Some phrases have resurfaced following your 8 May victory. The one about a shower of money for the ruling party reminds us of the PRD's [Democratic Revolutionary Party] populism. What will you do to change the perception that even PRD members have about your government?

[Perez Balladares] I think it is obvious that times are different from what they were during the 1970's when I participated and during the last years of the military government, which was not a PRD government. Now all Panamanians face a problem: the actual management of the Panama Canal as of 31 December 1999. Obviously, this will not be my duty, but I am certainly responsible for preparing everything. As I said during the campaign, we must have the best men and women in the government and at decisionmaking levels, regardless of politics. We must set aside party views.

I have always said I would try my best to achieve a government based on a concerted effort, consensus, and national unity, and I am doing it, even though I am not president yet. I am simply the president-elect who is forming a government team which, thanks to the democratic transition, is becoming fully acquainted with Panama's problems. We will carry out our plans with programs we can all share, using national unity to face the challenges ahead of us.

[Famania] Could exchanging the PRD's populist image for another policy erode the party's popularity?

[Perez Balladares] No, because it is not a conceptual change. Our party and our government will continue to focus on resolving the problems of the humblest, neediest people. We cannot think that it will be done as easily as in the past, when we had the funds to finance social programs. We know it will be more difficult now, but with a certain degree of intelligence and some ingenuity, we will manage to do it. Our party will continue to be a party of consultation and dialogue, a party that talks with the people, a party that brings solutions to the communities.

[Famania] What will happen after 1 September? Will people who sought asylum in other countries return?

[Perez Balladares] I also said during the political campaign—and this is another promise I will keep, as I will keep all the promises I made—that we do not want any Panamanians in exile for any reason. Any Panamanian against whom criminal charges have been filed, however, must face those charges. We do not intend to pardon anyone or authorize anyone's entrance or departure. On the other hand, we do not want to put anyone in jail. Panamanians who currently face charges but manage to avoid being arrested through normal legal means according to Panamanian laws can return, if that is what they are worried about.

[Famania] Speaking of justice, when names were proposed for attorney general, several names were also proposed for Supreme Court of Justice magistrates. Does that mean there will be changes in the Supreme Court of Justice?

[Perez Balladares] I will respect the terms for which the magistrates were appointed, which was not the case in 1989. I understand, however, that those terms are about to end. Consequently, there will be replacements in the Supreme Court of Justice when those terms expire. There are candidates to replace those magistrates.

[Famania] What criteria will the government use to make those changes?

[Perez Balladares] The same criteria we have used for all the appointments: We will choose the best person available for the job.

[Famania] Some people have said the policy of rapprochement you are talking about means establishing a Torrijist government without any Torrijists in power. We will take a break and discuss this when we return.

[Famania] When we went off the air for commercials, we were saying that some people already say this policy of consensus is like a Torrijist government without Torrijists, and this entails a contradiction. What consistency-...[pauses] How can you preside over a government with any consistency if some of its members do not support the PRD?

[Perez Balladares] I think you are mistaken if you believe that everyone who identifies himself as a Torrijist because he shares Torrijos' methods and doctrine must necessarily be a member of the PRD. That is not true. A great number of Panamanians—twice the number of people in our party—voted for our proposals, which are Torrijist proposals, and they are obviously not members of our party. Looking at history, I think one of the things that characterized Omar Torrijos' governments was precisely the fact that they did include people from different parties, from different places—yet they were the best people to do the work that needed to be done at the time.

Obviously, as time goes by, as things are done together, you feel an identification that later becomes a party identification. In the beginning, none of us were members of any party. I say us because I was a minister during Torrijos' time, yet I had never been an active member of a political party. Others had been members of different parties, as different as the Liberal Party, the National Patriotic Coalition, which was its opponent, and the Communist Party of Panama. In other words, what occurred was an integration of wills from different political currents. That is the Torrijos method.

[Famania] During the electoral campaign, people who were standard bearers of the last phase of the military government were mentioned as possible members of your government. Rigoberto Paredes, Lucho Gomez, and others were mentioned. You know them better than we do. To what extent will these people be members of your government team?

[Perez Balladares] Well, you have seen my appointees. Unfortunately, many of these people were, in my opinion, demonized. In other words, they were stigmatized. Many of them made mistakes, and others did not. They, however, bear that stigma. I think that they are valuable men and women, but, unfortunately, it is not very easy to integrate them into government posts with that stigma.

[Famania] You spoke of professionalizing the police and said Oswaldo Fernandez should remain in his post. How have party members who once belonged to the military apparatus reacted to that decision?

[Perez Balladares] Famania, I have not done anything I did not mention ahead of time. I am doing what I said I would do because I did not lie to the Panamanian people. I said we would form a professional police force, and I will do just that. I said the professional police force will be headed by a civilian and will be under the command of a civilian. I think Mr. Fernandez has done a good job. I do not want to create any instability in the police force during a change of government that will make some people apprehensive. That is why I asked Mr. Fernandez to remain as police chief. I am keeping my promises.

[Famania] I asked you this question because on this program, "Democracy '94," many politicians who opposed you said, and I quote: We are not afraid of El Toro, but of the herd of cattle behind him. End quote.

[Perez Balladares] [laughs] I have always said that there are 157,000 members in my party, and 99.9 percent of them are good, decent men and women. Under no circumstances should all party members be stigmatized for the good or bad actions—in this case bad—of a small few, that is, 10 to 15 people.

I also said my commitment to democracy is not just external but internal. There is internal democracy in my party. Consequently, I cannot set myself up as supreme judge and tell a person: You cannot be a member of my party because you have a bad reputation, a reputation that has not even been proven.

What I can do is utilize or not utilize a person in my government. I said at that time that I was more concerned about people who were around several candidates, people who had been chosen by those candidates. I saw in them a high degree of instability, a failure to inspire a feeling of security. Thank God they did not win.

[Famania] How have political groups that were your opponents reacted when you asked them to participate in your government?

[Perez Balladares] I have to be very honest. I sincerely believe that a majority of Panamanians realize that the electoral campaign is over. That beautiful page of the final campaign months and of 8 May, the day of civic

performance that is a source of pride for all of us, has been turned. The Electoral Tribunal has done its part, as has the Vote-Counting Board. Now we are moving on to five years of work to make Panama a better country. I think many of our adversaries have this spirit.

When the Electoral Tribunal opens the election process in 1999, we will again put on the t-shirts and caps of the various parties, but between now and then, let us all work together for Panama.

[Famania] How do you reconcile this good reaction you have mentioned with the fact that some political parties do not want to participate in your government?

[Perez Balladares] I respect that position. In democracy, there must be parties that want to remain out of the government. I am happy, though, that Carlos Sousa, the designated agricultural development minister, accepted his appointment even at the cost of resigning from his party, something that was difficult to do.

I understand that he see this commitment as being above party commitments. Many other people see it that way. The cabinet is integrating a group of people who are independent; that is, people who do not belong to any active political party.

[Famania] Some people believe a government of this nature is dangerous because the government, the government policymaker, may try to demonstrate that people of a certain affiliation are not the best people for the job, then these people would say that other parties are not any good either, or the members of other parties may try to sabotage the government. Are you afraid this might happen?

[Perez Balladares] Hugo, I am assembling what you could think of as an orchestra. I have looked for the best violinist, the best drummer, the best percussionist, the best people. It depends on me to make the band sound good or bad. I am the director of that orchestra. The government will do well or poorly depending on me. I am the president-elect.

[Famania] A few seconds ago you mentioned the election process we went through a few days ago. Magistrates have a definite term. The period of one of the magistrates expires in 1998.

[Perez Balladares] Electoral Tribunal magistrates?

[Famania] Yes, the Electoral Tribunal. What will happen to that magistrate?

[Perez Balladares] On the day the Electoral Tribunal magistrates declared the election results, I said I viewed the three Electoral Tribunal magistrates to be outstanding men of the nation. They have done an extraordinary job. I also said, not knowing when their terms expire, that I hope they will stay. I also want to give greater independence to the Electoral Tribunal through constitutional changes, which is what is required, and I think that we can achieve this soon. I think we can do it soon. Right now, I do not hesitate to ask the magistrate whose period expires in 1998—according to what you have told me—to stay.

[Famania] Right. Will your party agree to that?

[Perez Balladares] If this is a proposal I have to make, then I will make it, not the party.

[Famania] You have spoken about giving more independence to the Electoral Tribunal through constitutional changes. There are three ways to change the Constitution. Which would you use?

[Perez Balladares] The least traumatic one: approval by this Legislative Assembly of the constitutional changes we are planning to introduce and ratification by the new Legislative Assembly, which has already been elected and will take office on 1 September.

[Famania] In addition to greater autonomy for the Tribunal, what other ....

[Perez Balladares, interrupting] The definition of the role of the national police law is a very important topic for us, and we cannot work on it until we implement changes to remove the constitutional duties that still belong to an institution formerly called the National Guard. In the next two weeks, we will try to negotiate a consensus among the various political forces in the National Legislative Assembly. After we reach a consensus, we will discuss granting the Electoral Tribunal greater autonomy—which I believe is crucial—and reforming the Constitution to draft the future police law. Creating a human rights ombudsman's office is a third reform that I consider vital and hope to see implemented.

[Famania] If a proposal is made in the Legislative Assembly to broaden these reforms, it may lead us to a situation similar to that faced in 1992. Are you afraid of failing?

[Perez Balladares] Indeed, I am afraid. That is why I insist we must work with the various political forces in the Assembly so it will approve the three reforms and the next legislature will ratify them.

[Famania] How will these constitutional reforms be presented through the commission....

[Perez Balladares, interrupting] The only way we can do it is with the approval of the president and the current government, who are the ones who have the legislative initiative to do it. To do it in a different way, a Legislative Assembly initiative, is more difficult. I invite President Endara to talk about this topic soon so that we can implement it.

[Famania] Mr. Perez Balladares' proposals include the reinstatement of public employees who were dismissed, if they wish to be reinstated. We will talk about that topic and some others during this program, "Democracy '94."

[Three-minute break for commercials]

[Femania] We are back with "Democracy '94." This is our 17th and last in a series of programs during which we have discussed Panama's political situation. Today we are closing this program with the president-elect. During the commercials, we discussed the case of the employees who were dismissed. Before that, I forgot to mention something important about the elections. The transition period lasts 114 days. An expert said that if the counting process was so short, a long transition period might be hard to bear. Why not modernize it by making it shorter? What do you think?

[Perez Balladares] Yes, I think it could be a future reform. Right now it is already set and we must comply with the law. But yes, I believe that shortening it would be good for the next president-elect and the outgoing president as well. I agree with that.

[Famania] This expert mentioned more traumatic or difficult cases such as that in South Africa, where the transition period was only two weeks.

[Perez Balladares] That is so. Perhaps, a month or a month and a half would be better than the long period we have.

[Famania] Let us discuss those who were dismissed. Many of them were dismissed through a law. The only way to reinstate them would be with another law. What method would you use?

[Perez Balladares] In our party, we are working out a way to assess the cases of those who feel they were unjustly dismissed and want to work for the government again. This will be done on a case-by-case basis. There are some people who were unjustly dismissed but do not want to be reinstated. They are working in the private sector or have set up their own businesses and are very pleased with what they are doing.

Those who feel they were unjustly dismissed and want to return should know that we are going to evaluate each case. Then we will proceed administratively without resorting to a law because there is no need for a framework law [ley marco]. A framework was established in the recent past. It did not dismiss name by name but established an alleged framework which the government used as a basis for dismissing a number of public employees.

We would proceed, administratively, to reinstate those who were unjustly dismissed—it would have to be proven that they were, in fact, unjustly dismissed—and who want to be reinstated.

[Famania] Do your public proposals, statements, and appointments have any effect on the transition team? I ask because we do not have much experience in this business of going from one government to another. We do not know how a transition team works.

[Perez Balladares] This is the first time in many years that we have had an orderly democratic transition. In fact, when there were honest, democratic elections a couple of times in the country's history, there was no transition period during which the two teams could interact. We are learning and perhaps we will make some mistakes, mistakes in good faith. There are very competent people on our side and on the side of President Endara, who wants this to be done in the least traumatic way. He wants the new officials to use this time to familiarize themselves with the issues the current officials are coping with in their ministries and autonomous institutions. Of course, I repeat what I said before: President Endara will continue to be in command as he has always been, as he is right now, and as he will be until 1 September. His ministers will continue to be in charge and his officials will continue to be responsible for their jobs.

This is not just a transition period but a learning period. It is a time to learn about the matters that require action from the state.

[Famania] How is the communication flow? To what degree is there tolerance? Have there been any situations where the current government has said something like: This is a state secret and we cannot discuss it.

[Perez Balladares] So far we have not been denied any information. We have been denied nothing. I think there has been a great desire for cooperation.

[Famania] Let us talk about international relations. You mentioned two visits abroad. On 20 May, you will go to Costa Rica and on 25 May to Colombia. What countries will follow? What will you propose during your visits? What is the reason for these visits?

[Perez Balladares] I am visiting our two neighbors to exchange views on common problems with Costa Rica and Colombia. That is why I am visiting those countries first. In mid-June, I plan to visit eastern countries like Japan, Taiwan, and South Korea, because I believe these countries see tangible possibilities of investing in import industries in the Canal area.

I want to take this opportunity to make the trip at my own expense, by the way. I do not want anyone thinking that I am using state funds. [laughs]

[Famania] That was my next question. [laughter]

[Perez Balladares] I will use my own money and make this trip now because I think it will be very difficult for me to leave the country later. There are too many things that need to be done. I want to take 15 days for that trip.

I will probably visit the EC sometime after 15 July. Europeans have a month vacation period during their summer, July and August. We will have to decide when to take this trip.

I also plan to go to Washington. I have already been invited to hold a number of meetings with the U.S. Government.

[Famania] Have you received any direct message from the U.S. President?

[Perez Balladares] Yes. I received a congratulatory letter from President Clinton in which he talked about this topic and other matters of mutual interest.

[Famania] You said you will visit the EC. There is a pending banana problem with the EC countries. Are you going to present a proposal in line with your policy?

[Perez Balladares] We must include the Panamanian banana issue within the GATT agreements. We cannot be asked to be open when doors are being closed to our exports. Consequently, this is a topic we want to include in our talks with the EC, particularly with our friends the Spaniards, who can better help us solve this problem.

[Famania] We are discussing foreign policy. What will be the nature of Panama's relations with Cuba under your administration?

[Perez Balladares] We must maintain such relations under conditions that are equal to those we maintain with the rest of the countries of the world—without more consideration or less consideration. We have interests in many countries; Cuba is one of them. It is not the one in which we have the most or the fewest interests. Thus, I think that we must maintain friendly relations, based on mutual respect, without our meddling, of course, in their domestic affairs or their meddling in ours.

[Famania] Many believe that our policy toward Cuba calls for special treatment because it is a country subject to a blockade that is yet to be the target of many decisions at the international level. What will Panama's attitude be in the face of this situation?

[Perez Balladares] It is worth noting that the blockade is a foreign policy of the U.S. Government. A great majority of countries in Latin America and the rest of the world do not have a blockade against Cuba; that is, they hold normal trade relations with it. I think that this issue must be settled between the United States and Cuba.

[Famania] Let us change the subject but continue with foreign policy. Let us discuss the Parlacen [Central American Parliament]. A few days ago, the law including Panama in this Central American multinational organization was approved in a third debate at the legislature. You said in your campaign, however, that Panama had more ties or it would be better for it to be linked to stronger blocs in South America or to join NAFTA. How do you harmonize this new law with your policy?

[Perez Balladares] We cannot ignore two facts: geographically, we are part of Central America, and politically, we have much affinity with the Central American countries. Historically, however, we have had more similarity with South America and economically, we have had greater affinity with NAFTA and South America.

Parlacen is a political mechanism. It is the Central American Parliament. I think we can join the Parlacen without it being a contradiction to our possible direct integration into NAFTA.

[Famania] There are people who are saying that the fact Panamanian parliamentarians would join organizations such as the Parlacen only mean that some Panamanians would be benefited with certain privileges. What do you think?

[Perez Balladares] That is being narrow-minded. That is not seeing the need to have a forum for political discussions. That is what it is. It is a forum for the exchange of objectives that could be subregional—Central American, in this case. I think one should not think that way.

[Famania] Luis Ochoa Teran, the Venezuelan ambassador to Panama, said that after the 8 May elections, Panama earned, by its own right, its reintegration into groups such as the Rio Group, for example. With regard to that, are there any efforts being made in that direction?

[Perez Balladares] We are going to work very hard so that we can again belong to a group that Panama founded—a group that was once called the Contadora Group and which is now known as the Rio Group. It is also a forum of conversation and unity of Latin American policies in the face of world problems.

[Famania] There is another important factor: Panama's economic growth. How will your government maintain this growth? How will it maintain this level of economic growth and how will it transform it into social development?

[Perez Balladares] As an economist, the only way that I know economic growth can be changed into economic [as heard] development is through public investment programs, in other words, something all Panamanians will receive as part of a distribution of national wealth. Perhaps the aspect with the most positive impact within this public investment program is an improvement in the quality of education. We have devoted much time and effort to that aspect and we will devote even more time and effort to it. It is evident that we have discussed other matters such as infrastructure projects. For example, there is the Panama-Colon freeway, the ports, more roads to improve traffic circulation in Panama City. These are works to redistribute wealth; however, the ones that have the most social impact are basically education and health.

[Famania] One issue of much concern is freedom of expression. How will you harmonize the interest of the media as a business to establish itself and continue to work in Panama and the interest that some journalists could have to control this profession?

[Perez Balladares] I think the two issues must be separated. I think there should be full freedom of expression. Some actions I have taken prove this. During the campaign, I vowed to guarantee freedom of expression. I have been asking journalists I have met with, including some who have attacked me.... [pauses] I told them that I met with them to defend their right to attack me....

[Famania interrupting] Including EL CAMALEON? [laughter]

[Perez Balladares] [laughter] Yes, EL CAMALEON. I do not think people come ahead of national interests. I believe journalists—I asked them to do that—should meet to jointly present a program, plan, or a bill to abolish the various existing regulations, laws, and decrees that in some way restrict freedom of expression. I think that they should be abolished in the broadest and quickest way.

We need to eliminate the discretionary rule that the executive branch applies through the Government and Justice Ministry because it is a threat to freedom of expression.

I also believe we must establish a more effective and faster mechanism so that the people who feel slandered can sue for compensation through a civil and not a criminal court. These two topics should be covered in a law. I also think there should be communication, dialogue, and negotiation, if needed, between media owners and news associations to establish laws to protect journalists. These laws could cover a broad area ranging from compulsory membership, if that is what you decide, to permitting a person to exercise this profession with guaranteed tenure in the media.

[Famania] Following the campaign and after the elections, there has been great communication between reporters and Ernesto Perez Balladares.

[Perez Balladares] It will continue, Hugo.

[Famania] I was heading in that direction. How will this vary? Will we continue to communicate?

[Perez Balladares] Always.

[Famania] It will be that simple?

[Perez Balladares] Mario Velasquez is the man whom we put in charge; he will be our spokesman from the Presidency. He will be our contact with the media. Boris Moreno is my private secretary. He will have my agenda but, in addition, he is a journalist. So you will have a way to contact me indirectly. I will always be willing and accessible.

[Famania] Aside from all the telephone numbers to find you, it will be so easy.

[Perez Balladares] In addition, I have not changed my home or office telephones and I will not change them.

[Famania] Businessmen say that one of your top challenges is to maintain political stability in Panama. What is your plan to accomplish this?

[Perez Balladares] Well, it is just what we have been achieving. I think that during these two weeks after the elections we have been creating this climate of tranquility and political stability. It caught my attention when I left the Atlapa Convention Center at dawn on Monday (9 May)—well, it was not dawn anymore, it was 0700—and I saw people going to work normally. The campaign was over and we had entered a period of normalcy, a day of work and stability in Panama. I want to continue with this commitment and I will do everything I can to continue this normalcy.

[Famania] Can we trust we will have better or the same kind of elections in 1999?

[Perez Balladares] This is why I want to introduce, if possible, in agreement with all political forces and with President Endara, a constitutional reform giving greater independence to the Electoral Tribunal. This is a commitment I have. Perhaps some people still have doubts that I will do it. But there is no doubt I will do it. If we can include in the Constitution that the Electoral Tribunal will have total independence, then there will be no room for doubts that it is my interest to have those elections.

[Famania] This is something unusual. We will now give you a few seconds for you, without any questions on our part, to send a message to all Panamanians.

[Perez Balladares] I want to say I am very proud of the electoral process. I am proud of the way the Panamanian people participated, the high level of civic spirit they showed. I am proud we were able to have a civic campaign and that our government will be a reflection of the mandate we received. I cannot close without thanking this program because you were one of the biggest supporters of the electoral campaign. With great civic spirit, you allowed the candidates to express their views and the Panamanian people were able to make their choice freely. I thank you and this enterprise.

Roundup of Economic Developments

PA1805004094

[Editorial Report] The following is a compilation of reports on economic developments monitored through 17 May.

Harmodio Arias, commerce and industry vice minister, announced yesterday that the Mexican Government decided not to accept Panama's latest offer for paying off this country's crude oil debt, which has been pending for the past five years. Despite the fact that an agreement was made, negotiations will continue, and it is expected that an understanding satisfactory to both parties will be reached shortly. Vice Minister Arias refrained from disclosing the details of Panama's offer but did say that

the current administration would like to reach to an agreement before the new government is sworn in. Panama currently maintains a $120 million debt to Mexico for crude oil purchased within the framework of the San Jose Pact. This debt, which has been outstanding since before 1989, accumulates monthly interest totalling $800,000. (Panama City EL PANAMA AMERICA in Spanish 13 May 94 p 3A)

Comptroller General Jose Chen Barria disclosed that $145.3 million in exemptions were approved during 1993 for duty-free imported goods, export incentives, exports of nontraditional goods, and taxpayers credits. Tax exemptions and customs rights for imports totalled $135.9 million, of which $124.1 million corresponds to the manufacturing sector. Exemptions within this sector represent 91.4 percent of total exemptions and are related to machinery, heavy equipment, spare parts, raw material, semi-processed goods, containers, and imported bearings. The Comptroller General indicated that, although the 1993 figures are evidence of an 8.3 percent drop from the 1992 level, "Panama still continues to be basically an exempt country." He believes that the practice should be amended in order to use these additional revenues in other government sectors. (Panama City EL PANAMA AMERICA in Spanish 10 May 94 p B1)

Argentina

U.S. Ambassador's Pressure on Patents Law Rejected

PY1905233394 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2143 GMT 19 May 94

[Excerpts] Buenos Aires, 19 May (NA)—Today, members of the Health Committee of the Chamber of Deputies rejected the pressure being applied by U.S. Ambassador to Argentina James Cheek, seeking to force a rapid approval of the Pharmaceutical Patents Law.

The diplomat met with congressmen. After the meeting, he again directly threatened Argentina with trade sanctions because Congress is delaying the debate of the bill.

Thus, Cheek formulated three similar warnings in less than 24 hours in what appears to be a clear offensive to get the bill approved before the last day of June. [passage omitted]

Radical Civic Union Ernesto Algaba told journalists accredited to Congress that the deputies will not accept "any pressure or threat from the United States." Algaba once again conditioned any debate to an agreement within the terms agreed during the GATT round of talks.

He believes this agreement could be ready within 90 days for approval by Congress, and if this were to be fulfilled, "our bloc is willing to debate the patents law, which we oppose in its current version."

The meeting was informal because it was held at the office of Santa Fe Province Deputy Horacio Usandizaga and not at the Health Committee offices. [passage omitted]

Radical congressmen Algaba said the proposed goals "are difficult to achieve." Deputy Alejandro Armendriz added: "Congressional schedules must be respected, without any external pressure, so we can improve the law pertaining to this important matter."

Despite all these assertions, Ambassador Cheek left his first meeting with the Radical congressmen in a very happy mood.

Labor Union Discuss Strategy for ILO Assembly

PY1905160594 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1952 GMT 18 May 94

[Text] Buenos Aires, 18 May (NA)—Union sources have reported that the CGT [General Confederation of Labor] has decided to criticize, before the International Labor Organization (ILO), adjustment policies that cause a "strong deterioration in the living condition of workers," but without making specific reference to the situation in Argentina.

The decision was made today, during a meeting at which the CGT analyzed the strategy the labor central will adopt at the ILO annual assembly, due to be held in Geneva, Switzerland, in June.

Analysis of the matter will continue tomorrow at 1000 during a meeting of the CGT national secretariat at the labor central's headquarters. The agenda will also include a review of the latest contacts with entrepreneurs and legislators in search for a consensus on labor laws, in-service accidents, and migration of foreign workers.

It was leaked that CGT Secretary General Antonio Cascia's speech to the ILO Assembly will seek to strengthen ILO policy, and will reiterate the objections the bloc of Latin American countries has raised before ILO authorities.

Cascia's speech, which has not yet been written, will focus on objections to neoliberal adjustment policies and their negative consequences for workers. In this regard, the sources said Cascia's speech "will maintain a low profile" in dealing with the Argentine workers' situation.

Latin American countries recently held a seminar in Buenos Aires on the "role of workers within the ILO," during which the international organization was asked to promote "the strengthening of workers' rights and the improvement of their working conditions."

The CGT will also demand the promotion of tripartite negotiations "to promote fair, equitable development," in line with the conclusions of the seminar, which Cascia will reiterate in his speech to the ILO Assembly.

Cascia will ask the ILO to begin an international campaign to approve a World Charter of Workers' Rights, including the rules referring to human rights." [no opening quotation marks as received]

The CGT meeting today was also attended by leader Alfredo Atanasof (municipal workers), Juan Jose Zanola (bank workers), Ramon Valle (insurance workers), Ramon Baldassini (FOECYT) [Federation of Postal and Telecommunication Workers], and Carlos Gdansky (UOM) [Metalworkers Union].

Roundup of Economic Reports

PY1905144694

[Editorial Report] The following is a compilation of reports on economic activities monitored through 19 May.

The Association of Motor Vehicle Manufacturers (Adefa) reported today that record production was achieved in April, when 35,160 vehicles were manufactured, which represents a 4.1 percent increase as compared to March. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 0013 GMT 14 Mar 94)

It was officially reported today that house electricity rates were increased 8 percent on 1 May. (Buenos Aires NOTICIAS ARGENTINAS in Spanish 2322 GMT 13 Mar 94)

Correction to Satellite's Launch

PY1905150294

The following correction pertains to the item headlined "Satellite Launch Discussed With Russians," published in the 18 May Latin America DAILY REPORT, page 26:

Column one, penultimate paragraph, only sentence make read: ...cost of some $1.2 million, and it is.... (correcting figure)

Bolivia

Official Agrees With U.S. Ambassador on Drug Law

PY1905222394 La Paz HOY in Spanish 14 May 94 p 15

[Text] Expressing his agreement with an opinion voiced by U.S. Ambassador to Bolivia Charles Bowers, Social Defense National Secretary Mario Solis noted that so far, Law 1008 has achieved good results and met its goal of struggling against drug trafficking. Solis was referring to remarks made in Sucre by U.S. Ambassador Charles Bowers, who noted that Law 1008 is a "fair and good" instrument.

At odds with the citizenry's nearly unanimous position that this law should be changed, Ambassador Bowers prefers the implementation of the law to remain unchanged.

For his part, Mario Solis emphasized that Law 1008 has met its goal and become a key element in the war being waged against the scourge of drug trafficking.

Nevertheless, Solis indicated that now it is necessary "to improve" this legal instrument through a total consensus involving all social groups of the population. Solis added that this improvement is closely linked to the amendments that might be implemented, based on the experiences gathered so far.

Asked about the possible approval of a decree regulating the legal marketing and industrialization of coca leaves, Solis said he is satisfied because this government measure will benefit coca producers. Solis added: "This is a good regulation that approves coca industrialization only in areas that traditionally have produced it."

Ministers Speak Against Legalization of Narcotics

PY1905212494 Cochabamba LOS TIEMPOS in Spanish 11 May 94 p 1

[Text] La Paz, 10 May—The ministers of foreign affairs and the government agree on the legalization of drugs. Responding to whether Bolivia will follow Colombia's lead with regard to the legalization of drug consumption, they stated on 10 May that this issue cannot and should not be considered from a unilateral standpoint, but rather as a part of a general context. The government rejects this because it wants to prevent the country from becoming a "Mecca" for drug traffickers.

Both ministers seek to ward off the possibility that Bolivia will embark on a legalization process, since, as Government Minister German Quiroga pointed out, it would turn the country into a "Mecca for drug trafficking."

Quiroga said: "The trafficking issue must be assessed within a general perspective rather than individually, as a nation. It would be terribly dangerous if one country became the traffickers Mecca. This is why we must be part of a general approach, part of the measures adopted by all countries, both producers and consumers."

Foreign Minister Antonio Aranibar called the issue delicate and pointed out that it must be solved by the international community as a whole, as the community of nations is now debating this issue.

The government minister, who holds more radical ideas, voiced his firm opposition to the decriminalization of cocaine as Colombia proposed. He believes it would turn the country into the "Mecca" for the production, consumption, and peddling of psychotropic drugs and a place where drug kingpins would thrive.

Quiroga pointed out that the legalization of consumption should be part of a consensus process and policy among several countries. He added that it would be most inappropriate for Bolivia to make a unilateral decision.

He stated that Colombia's stance on this issue should be considered as "leaving one's opponent unmarked and making a false move," which may have appalling consequences for the Latin American country that may become the world's center of drug consumption and distribution. He added: "This is most dangerous."

Quiroga noted that one cannot favor the legalization of drugs on the premise that interdiction has allegedly failed since the two points are different, but at the same time, are constituent parts of a whole. Interdiction is a fundamental part that seeks to track and punish traffickers while crop substitution programs seek to devise economic solutions to solve the problem of surplus coca production. "The two paths should run parallel: Interdiction and crop substitution could otherwise run separately instead of being part of an overall policy," he said.

Quiroga said Bolivia should coordinate with other countries toward a coordinated action. The government minister remarked that the country has achieved very encouraging results in its struggle against trafficking, even though it did not eradicate all surplus coca plantations. He added that this subject is under discussion with U.S. authorities.

Quiroga contended that aid for the balance of payments should not be exclusively linked to the reduction of coca crops, but should also consider blows dealt to trafficking, the destruction of maceration pits, the dismantling of laboratories, and the number of drug gangs arrested. He said: "It is not just a question of destroying coca crops, it is a war against trafficking." Quiroga also denied any

alleged pressure over the mandatory eradication of surplus plantations and a reduction in economic aid toward the balance of payments.

Vice President Views Meetings With Castro, Gore

PY1905215394 Santa Cruz EL MUNDO in Spanish 11 May 94 p 1

["Exclusive" interview with Vice President Victor Hugo Cardenas by FIDES NEWS AGENCY, ANF, in South Africa "after Nelson Mandela's inauguration"]

[Text] La Paz, 10 May (ANF)—The victory of the struggle against a racial and segregationist policy that culminated in Nelson Mandela's inauguration as the first [as published] South African president is the strongest evidence that Bolivia and South Africa are building a multiethnic, multiracial, and multilingual democracy, strongly based on national unity and social wellbeing.

These remarks were made by Vice President Victor Hugo Cardenas during a telephone interview with FIDES NEWS AGENCY's central offices at Government House. The vice president is heading a national delegation in Cape Town. The mission participated in Nelson Mandela's inauguration together with 150 other missions and nearly 5,000 world rulers and personalities.

"What we are doing in Bolivia, (the reforms), through much pain and sacrifice, is very important for the future. The entire world, not just Bolivia, is working to build multicultural democracies where different ethnic groups, cultures, and customs form part of the fabric of democracy," Cardenas said.

During his two-day visit to South Africa, Cardenas held short meetings with representatives of various countries. He met with U.S. Vice President Al Gore and Hilary Clinton. He also met with Cuban President Fidel Castro Ruz, PLO leader Yasir 'Arafat, and Anglican Archbishop Desmond Tutu, the Nobel Peace Prize winner.

"The central issue of all dialogues with these important world leaders was the outcome of South African democracy and improving relations with that nation," the vice president explained.

"Bolivians must think very seriously about normalizing relations with South Africa and opening a Bolivian special mission in this country," Cardenas said, stressing the importance for Bolivia of the changes that are being experienced by one of the African continent's more powerful nations.

At 2000 (Bolivian time) on 18 May, Victor Hugo Cardenas will have "an exclusive meeting" with President Nelson Mandela to discuss issues relative to the democratic process and the ethnic factor in both nations.

Cardenas said there is full awareness that the change process in South Africa was very painful and full of sacrifice, "but there is also the fact that Bolivia can participate in the construction of a multiethnical and multicultural democracy, that this is no longer a dream."

Cardenas said some South African countries "are interested in details of the recent reforms introduced by Bolivia through laws on popular participation, capitalization, and education reform. They are very interested in the Bolivian case, a country where people from many ethnical backgrounds have integrated."

The vice president said that during his short meeting with Cuba's President Fidel Castro, the two leaders recalled the outstanding moments of the Cuban participation in Sanchez de Lozada's inauguration last August. "Castro again thanked the Bolivian people for their affection and warmth during his historic visit."

Cardenas said that during his meeting with Vice President Al Gore, the U.S. official said he felt gratitude and happiness over his visit to Bolivia last March. "The wife of the U.S. president, Hilary Clinton, told us that Mr. and Mrs. Gore are really happy, particularly after visiting Lake Titicaca and the adjacent settlements."

The vice president said: "Bolivia is remembered by these distinguished friends. They asked about the capitalization project, education reform, and people's participation."

"South Africa is building a multiethnic, multicultural, and multilingual democracy, just as Bolivia. These are common aspects from which Bolivians can learn a lot. We must be grateful because the process of change has not left as many victims in Bolivia as in South Africa where the wounds are still fresh," the vice president said.

Business Sector Opposes Free Trade Zone With Chile

PY2005013994 La Paz PRESENCIA in Spanish 14 May 94 p 4

[Text] Bolivian businessmen have blocked the aspirations of the government and Chilean private business by deciding that a free trade zone with Chile is not viable and that trade relations should continue within the framework of the Economic Complementation Agreement (ACE) signed by the two countries last year.

This decision was made after a serious and profound evaluation of the disadvantages national exporters are facing in introducing their products in the Chilean market. The most difficult problems to overcome are the price list brackets established by Chile that restrict the access of exportable Bolivian products to the Chilean market.

On 13 May, National Industrial Association President Gary Lacunza said the talks held with Chilean businesses in an environment of agreement established that it is impossible to join a free trade zone.

The results of the third meeting of the Economic Complementation Agreement's Business Advisory Committee (Case), held in Santiago, Chile, on 9 and 10 May indicate that despite the growth of bilateral trade between Bolivia and Chile, the Bolivian trade deficit tends to grow.

The issues discussed in the meeting included the low exploitation of the Chilean market due to the reduced number of exportable Bolivian products, the lack of potentially exportable Bolivian products on the agreement list, and the lack of road infrastructure, which increases the cost of exportable Bolivian products.

The main point of discussion was centered, however, on the Bolivian proposal to suspend the price list bracket imposed by Chile on Bolivian products, which is the biggest restriction on Bolivia's access to that market. There was no answer from Chile on that proposal.

In its final conclusion, the Case recognized that the lack of adequate trade channels and the tax policy that distorts formal trade are the main reasons why little advantage is taken of the ACE tariff preferences.

The Case made a series of recommendations to balance the Chilean-Bolivian trade balance. The recommendations include the improvement of the procedures for issuing certificates of origin in order to unify the criteria to have the certificates issued under the terms of a single regulation. This measure also will prevent tariff preferences from benefiting countries that are not members of the agreement.

Regarding the Draft Agreement on Reciprocal Protection and Promotion, the agreement recommends that the draft be signed as soon as possible.

Regarding double taxation in the two countries on exportable products, a decision was made to sign an agreement similar to other agreements. For this purpose, the Chilean side presented the agreement signed with Argentina on this issue.

A recommendation also was made that the Animal and Plant Health Cooperation Agreement be signed as soon as possible.

Regarding the difference between the amount of Chilean exports and the amount of Bolivian imports, which shows a trade of $70 million through smuggling, the Case recommended the signing of a cooperation agreement between customs agencies in the two countries.

The evaluation made by the Case also refers to collateral issues to the agreement's development such as the case of pharmaceutical products, which must not be included in the ACE list.

The Case also calls for the elimination of consular visas in order to make bilateral relations easier and more flexible, and for the incorporation of air transportation in the agreement.

The Case also noted the need for the Management Commission to answer the proposals made in the third meeting within 30 days, starting on the day the recommendations were made.

Lacunza also reported that in the next few days a study will begin on the proposals the private sector will submit to the government to get the government to meet the conditions demanded for the growth of the productive sector with the resulting benefit for the country's general economic activity.

Debt Meeting With Consultative Group Set for Nov

PY1905211394 Santa Cruz EL MUNDO in Spanish 13 May 94 National Section p 2

[Text] La Paz, 12 May (Fides News Agency)—Bolivia will participate in a meeting with the Consultative Group [not further specified] during the first week of November. Bolivia will participate in a meeting with the Paris Club in October to reschedule the bilateral foreign debt.

The dates were confirmed by Finance Minister Fernando Cossio, who also confirmed a meeting with the IMF for late May to reach a new agreement on structural adjustment.

Bolivia seeks financing from the Consultative Group. In 1993, Bolivia received commitments for more than $1 billion over a four-year period. This year, Bolivia will go to this international forum to renew this financial support.

Cossio said the government's economic team is preparing a strategy to negotiate with the IMF. The new agreement with the IMF will be in effect for three years and include the main structural reform programs the current administration has in mind.

The finance minister mentioned that basically the capitalization's and the popular participation's impact on the fiscal program would be included in the agreement.

The minister said it is too early to discuss the amount that might be agreed upon with the IMF. He added that the amount required by our national economy would be negotiated with the IMF.

Nevertheless, it is necessary to emphasize that this involves a grants-in-aid program, including a 10-year repayment period, a 10-year grace period, and a 0.5 percent interest rate.

Roundup of Economic Reports

PY1905142994

[Editorial Report] The following is a compilation of reports on economic activities monitored through 19 May.

Sustainable Development and Environment Minister Guillermo Justiniano has reported that international financial organizations have granted more than $70

million in loans to implement projects for the preservation and appropriate use of natural resources. The Paris Consultative Group granted the largest credit, amounting to $30 million. (La Paz LA RAZON in Spanish 7 May 94 p B2)

The Finance and Economic Development Ministry reported that 14 oil companies will invest $81 million in oil prospecting and exploitation during 1993. (La Paz LA RAZON in Spanish 9 May 94 p A2)

Brazil

President on Approval of URV Provisional Measure

PY2005010594 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 19 May 94

[Report by Cristiane Ribeiro in Rio de Janeiro]

[Text] President Itamar Franco said the approval of the URV [Real Value Unit] Provisional Measure will allow the government to continue its program to combat inflation. Upon leaving the Gloria Hotel in Rio de Janeiro, President Itamar Franco said national congressmen demonstrated maturity by approving Provisional Measure No. 482, which creates the URV, on 18 May. According to the president, it was an important step forward for the Brazilian economy's stabilization. Itamar Franco said this economic plan has not been imposed from top to bottom but was debated by the whole society, especially with the national Congress, which suggested almost 50 amendments. This is why the provisional measure will yield what we all want: curbing inflation.

[Begin Franco recording] It would be very easy for my administration, or the end of my administration, to abandon our efforts to curb inflation. It would be very easy to let the next president carry out this work. We still want to combat inflation during this administration. Congress' approval, last night, was very important and very significant. [end recording]

The president did not want to comment on Congress' dismissal of Deputy Ibsen Pinheiro during the same Congress session that approved Provisional Measure No. 482. According to the president, this subject pertains only to Congress.

Provisional Measure Creates URV Approved

PY1905125494 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 May 94

[Text] Congress has approved the provisional measure creating the URV [real value unit] and the real. Early on 19 May, Congress approved Provisional Measure 482 creating the URV.

The bill, which was introduced into the Chamber of Deputies by Deputy Neuto de Conto, was approved by a vote of 281 to 76, with 3 abstentions. In the Senate the provisional measure was approved in a symbolic vote.

The provisional measure could be approved only after negotiations between the government and the rural bloc, which did not back the bill.

Deputy Nelson Marquezelli, chairman of the Agriculture Committee, allowed bloc members to vote for the measure because, according to him, 80 percent of the bloc's demands were granted.

Leftist parties attempted to obstruct the vote because they wanted the measure to provide for compensation of salary losses that occurred before implementation of the URV, a minimum salary of $100 by December 1994, and free collective bargaining.

Brazilian Social Democracy Party lawmakers, however, have claimed that the provisional measure does grant the last request, provided salary increases are not transferred to prices. The measure creates an index for adjustment of prices and salaries in reals in case of inflation, sets 1 July for circulation of the new currency, and establishes a single index for adjustment of prices and for financing agricultural production.

Ricupero Denies 'Dollarization' of Economy

PY2005023094 Sao Paulo AGENCIA ESTADO in Portuguese 2340 GMT 19 May 94

[Report by Raul Pilati]

[Excerpt] The economic team is studying the possibility of including the shares of public companies in the composition of the funds that will back the new real currency. "That is what we are currently discussing in the economic team," Finance Minister Rubens Ricupero admitted. He added that he has yet not made a decision on how to back the new currency, but he said he is "open" to this possibility. "It already has been decided that the reserves will be an essential part to back the new currency, or perhaps they will be the only backing, but we are studying several ideas," he added. Some economic team members already have adopted a favorable position regarding the inclusion of the public companies' shares. "I will listen to them because they have been at this longer than I have and I have no opinion yet" on the subject, he said.

Ricupero denied that the economic stabilization program being implemented by the government entails the dollarization of the Brazilian economy, as Workers Party presidential candidate Luis Inacio Lula da Silva has said. "That term would be more appropriate for the Cavallo Plan in Argentina," Ricupero said. The reserves, he added, are not made up only of dollars, but also Japanese yen and German, Swiss, and French marks, among other currencies.

"The real backing of the new currency will be a healthy Brazilian economy," Ricupero said, meaning the capability of Brazilian companies to compete in the international market and export, thus obtaining a trade surplus. Ricupero nonetheless said that he is willing to study the ideas suggested by the presidential candidates. [passage omitted]

Details of Workers Party Economic Plan Announced

PY2005014194 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 May 94 p A5

[Article by Ana Maria Tahan and Lucia Helena Gazzola]

[Text] The PT [Workers Party] is preparing an alternative project for the third stage of the government economic stabilization plan. The proposal condemns parity exchange between the dollar and the real, (that is, $1 for 1 real). PT presidential candidate Luis Inacio Lula da Silva told O ESTADO: "We do not agree with the dollarization of the economy." Instead of backing the new currency with dollar reserves, the PT will propose creating a national currency back up fund based on the patrimony of Brazilian economy.

The alternative PT project has been under study for the past three months. It will be made public before the end of the month, that is, 30 days before the real comes into circulation. It clearly has a political and electoral purpose: to state Lula's position regarding the government economic program which is the basis of Fernando Henrique Cardoso's candidacy.

"If we have 40 percent of the voters' preference and if we are ahead in all polls, we must say what we think of the economic plan that, for better or worse, we will probably inherit," Lula told O ESTADO. PT government platform coordinator Marco Aurelio Garcia said: "A frozen exchange rate could have serious consequences and may harm the start of the PT administration if we win the elections," adding: "This is why it is important to establish our position regarding the third stage of the government economic plan."

Economist Paulo Nogueira Batista Jr. suggested a plan, which is being analyzed by a group of PT experts, to establish a special mortgage in the Central Bank on private and public, foreign and national companies with a net patrimony above a certain level. The mortgage would be used to back up the new currency. The companies "would be urged" to establish such mortgage.

The PT is also discussing the possibility of using workers' assets, like the Severance Pay Fund [FGTS], to back up the new currency. As a counterpart, companies and workers could be represented in the Currency Stabilization Council and participate in the results of issuing the real [as published]. In both cases, Paulo Nogueira Batista Jr.'s proposal foresees issuing a security that would be the only one to pay monetary correction and a reasonable interest rate. The new currency then, could be converted to this security.

The mortgage on the companies' patrimony would have a expiration date which will be defined by the PT. "When the stabilization process concludes, the companies would not suffer losses and their patrimony will have not lost its value," said PT Senator Eduardo Suplicy, one of the economists studying the alternative PT economic project. "In this manner, companies would be very interested in the success of the stabilization project," he added.

Beside this, on the grounds that Lula is currently the favorite to win the elections, he intends to negotiate with President Itamar Franco on access to the administrative apparatus during the election campaign. The PT wants access to the figures and data used inside the government to obtain a clearer and more objective notion of what awaits it in case it wins the elections. "We will ask for access to all the available information in order to prepare our government programs," one of the main national PT leaders told O ESTADO.

The PT proposal, which is being prepared by a group comprising Paulo Nogueira Batista Jr., Paul Singer, Deputy Aloizio Mercadante, and Suplicy, still generates conflicting opinions. Some really want to present the document as an alternative government project, while others want to simply express the opinions of the PT, without it being a formal counterproposal. It has been decided, however, that the document will condemn backing the new currency with the dollar reserves. "We do not want to receive the government with a dollarized economy," said PT national President Rui Falcao. PT economists are scared of the possibility that the dollarization of the economy may kill Brazilian industry as it did in Argentina.

The party has not decided yet how to present its proposal: Through its congressional bloc, or by Lula himself to mark the party's political stance. Either way, the document will be announced amid great publicity to gain points in a month of poor election campaign performance and when the public's attention is concentrated on the upcoming world cup soccer.

High Court Rules Public Service Strikes 'Illegal'

PY2005010694 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 19 May 94

[Text] Today, the Federal Supreme Court [STF] ruled that any strike by public servants is illegal. The government has already decided not to pay its employees for days not worked. Strikes are provoking losses everywhere.

Losses have been reported in Santa Catarina State, where ships loaded with cargo cannot load or unload due to a strike by Federal Revenue Secretariat [SRF] inspectors, who are only allowing the unloading of perishable or dangerous commodities, such as explosives and fuels.

Nearly 300 trucks—most of which are taking cargo to Paraguay—are standing in a long line outside the customs office in Foz do Iguacu, Parana State. Clearance through customs is slow owing to the sit-down strike observed by SRF inspectors.

Some 13,000 tonnes of cargo is sitting in the Cumbica international airport of Sao Paulo awaiting customs clearance. A court order has ruled that the cargo must be released. The striking workers are obeying the court order, but they are also observing a sit-down strike, which means the cargo will be delayed for at least another month.

In Brasilia, the SRF strike has also interrupted the reception of tax statements on diskettes. Pensioners and retired citizens are making unsuccessful trips to collect their checks from social security offices. Even labor accident cases are not being processed. In April alone, 30,000 checks were not issued and beneficiaries failed to receive 160 billion real cruzeiros.

The Federal Police strike completed two months today. Strikers commemorated the occasion with a cake and with a protest rally outside the Justice Ministry.

Returning from Rio de Janeiro, President Itamar Franco met briefly with Justice Minister Alexandre Dupeyrat and the federal administration and social security ministers at the Brasilia air base to discuss the wave of strikes by public servants. It has been decided that the government will not pay for days not worked.

Late this afternoon the STF ruled that public servants cannot exercise the right of strike. Eight of the 11 justices ruled that, although the Constitution guarantees the right of strike to civilian public servants, the right cannot be exercised until it is regulated by Congress. Hence, any strike by public servants is illegal.

Chile

Lawyer Fears U.S. 'Kidnapping' of Arms Manufacturer

PY1905125294 Madrid EFE in Spanish 2349 GMT 18 May 94

[Excerpt] Santiago, 18 May (EFE)—Today, lawyer Juan Pablo Hermosilla, who is defending Chilean businessman Carlos Cardoen, told EFE that there is a risk the United States may order the kidnapping of his client to take him to Miami to try him on charges of illegal exportation of a mineral used in Air Force cluster bombs.

The lawyer said that "we discussed the subject during our conversation with U.S. prosecutors, but apparently they will try to obtain Cardoen's extradition."

Hermosilla said, however, that the risk of kidnapping exists, as when the United States ordered the kidnapping of a Mexican medical doctor accused of drug trafficking. He added: "It is a risk, so we will therefore adopt legal measures, as that is illegal in Chile."

The lawyer mentioned the subject when EFE consulted him about the trial that began today against the Teledyne company, which is accused of having sold to the Cardoen company 100 tons of zircon used to manufacture cluster bombs for the Iraqi Army, a fact that was omitted when the export permit was requested.

Juan Pablo Hermosilla said "it was well known that the Cardoen company used zircon to manufacture cluster bombs, something that was even described in the company's advertising leaflets at the time, and was known by all U.S. diplomats accredited in Chile."

The lawyer said that the article published yesterday in THE NEW YORK TIMES is mistaken in describing zircon as an explosive material.

"That is not so. It is as if I were to say that the steel used in the bolts holding the cluster bomb shell together is an explosive material."

Hermosilla said that the purchase of zircon from Teledyne was made directly by the Cardoen company, and not by a subsidiary. [passage omitted]

Cuban Delegation Visits, To Study Economic Policies

PY1905132594 Santiago LA TERCERA DE LA HORA in Spanish 9 May 94 pp 1-2

[Article by Pedro Aguilera Flores]

[Excerpt] Planning and Cooperation Minister Luis Maira Aguirre has confirmed to MUNDO ECONOMICO that in April, a Cuban Government delegation headed by the director of the Planning Board and the deputy principal of the main Havana institute of economic studies visited Santiago. The objective of their visit was to collect data on the Chilean economic model.

As a result of this visit, last week, Minister Maira reported the implementation of a cooperation plan with the Caribbean island.

Pressed by its worst crisis since the 1959 revolution, the Fidel Castro regime is opening up its economy as the only solution to the crisis that followed the fall of the Soviet communist bloc in 1991.

Last week, Castro's administration implemented drastic reforms and austerity measures to fight the scarcity of currency, the budget deficit, the drop in the production level, and the black market. Among these reforms and measures are an increase in the price of basic services; new taxes; and the freezing of bank accounts with deposits higher than 10,000 Cuban pesos.

Along with these measures, Cuba also began to send expert missions to collect information on the economic

experiences of five countries. One of the countries chosen by the Cuban Government was Chile.

For a week, the Cuban experts talked with officials from the Chilean Central Bank and the Ministries of Finance, Foreign Affairs, and Planning and Coordination. "They wanted to learn about the mechanisms of administering Chilean economic policy and the technical instruments with which we work," Maira said.

The Cuban experts took copies of already executed programs from the Planning and Coordination Ministry as well as plans for integrated projects and the national investment system. They also learned about regional policies in detail.

At the Central Bank, the Cubans analyzed subjects such as monetary, banking, and credit policy. They collected information on similar subjects in other ministries. According to Maira "it was something like an exhaustive trip to learn about the Chilean economic system, and they collected useful information because they are studying deep economic reforms. The short-term work they are carrying out here will therefore be very important for them."

He stressed that "the Cubans know they must adjust their administrative apparatus, as their planned economy is inefficient," and that is why they are studying various experiences throughout the world that could inform their own decision.

"They are seeking changes that will allow them to preserve the national elements of independence and the accomplishments attained through their former economic model. Their greatest asset is that from being a colony in 1959, they have become a country with national dignity," Maira said.

He added that "we showed the Cubans our house; we explained to them our procedures, and they thanked us for this information." Maira said the Cuban delegation received a good impression of the capability and efficiency with which Chileans have administrated their economy in the public and private sectors. [passage omitted]

Teachers Strike '95 Percent' Observed Nationwide

PY1905125594 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0100 GMT 19 May 94

[Excerpts] According to Teachers' College leaders, there was 95 percent compliance with the national strike called for today. The education minister acknowledged that there was a massive mobilization of teachers, but asserted that the government will not withdraw the education bill from Congress that sparked off the conflict. [passage omitted]

Near midday, teachers organized themselves into four columns at different points of the city to march together up to Diego de Almagro Square. [passage omitted]

Some hours ago, Osvaldo Verdugo [Teachers' College Union leader] showed satisfaction in releasing the final assessment of the strike. Commenting on the total number of teachers who went on strike today, both from municipal schools and from private schools with government funding, he said:

[Begin Verdugo recording] We are talking about a nationwide average of approximately 95 percent of Chilean teachers. [end recording]

Verdugo stated categorically that the trade union he leads will not draw up any new strategy until after the national teachers' assembly to be held 25 May.

Given this state of affairs, at present, the solution to this conflict seems as elusive as the possibility of teachers and the government talking the same language.

Roundup of Economic Reports

PY1905140794

[Editorial Report] The following is a compilation of reports on economic activities monitored through 19 May.

On 28 April, Industrial Development Association President Pedro Lizana reported that industrial production grew 9.2 percent in March as compared with the previous month. Cumulative production rose 6.4 percent in the year's first quarter; the beverage industry registered the highest increase, with 26.5 percent, and chocolate and candy production rose 11.8 percent. (Santiago LA TERCERA DE LA HORA in Spanish 29 Apr 94 Economic Section p 3)

On 3 May, the National Statistics Institute, INE, reported that the April inflation rate was 0.5 percent. The cumulative inflation rate has been 3 percent so far this year, and 12.7 percent in the past 12 months. Clothing increased 4.4 percent; housing 0.7 percent; transport 0.2 percent; while food dropped 0.5 percent. (Santiago ESTRATEGIA in Spanish 4 May 94 Economic Section p 7)

The INE reported that the unemployment rate was 5.2 percent from January to March, an increase of 0.1 percent as compared with the same quarter last year. Nationwide, the labor force totalled 5,257,050 people; and the number employed was 4,985,220. (Santiago ESTRATEGIA in Spanish 4 May 94 Economic Section p 7)

The Central Bank reported that the trade balance registered a $160.9 million surplus in the first half of April, with exports at $522.7 million and imports at $361.8 million, raising the cumulative surplus to $295.6 million. (Santiago EL MERCURIO in Spanish 10 May 94 pp B1-B5)

On 9 March, the Central Bank reported that the foreign debt was $19.799 billion through 31 March, an increase

of $619 million compared with the cumulative figure registered in December. (Santiago ESTRATEGIA in Spanish 10 May 94 p 9)

Colombia

President Calls Referendum on Drug Possession

PA1905224094 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2150 GMT 18 May 94

[News conference by President Cesar Gaviria Trujillo with domestic reporters and unidentified moderator, at the Narino Palace in Santa Fe de Bogota; broadcast in progress—live]

[Text] [Gaviria] ...obey the judicial decision. Not only do I not agree with the decision, but I believe that the effect will be serious. Consumption of substances that create addiction cannot be part of the behavior condoned as part of the free development of personality. Legislators must be given the option to ban and punish this, according to his criteria.

The government does not share the court's extremely individualistic interpretation of the Constitution in matters related not only to individual autonomy but also to obligations established in the Constitution. The government considers it its duty to promote the necessary decisions to fill the void and mistakes that might result from the court's decision. Immediately, using authority derived from laws now in effect, the government will issue decrees to prohibit and confirm prohibitions on the possession and consumption of drugs and psychotropic and hallucinatory substances in at least the following places and events: public places, places open to the public, schools, and places of work. Drugs will be banned among minors, pregnant women, drivers of vehicles, ships, or airplanes, those who bear firearms, and those in certain professions, such as doctors and dentists.

Likewise, we intend to establish penalties for violations of some of the preceding prohibitions, according to each case and the seriousness of the misdemeanor. The penalties will range from arrest, closure of public places, suspension of flight licenses, cancellation of work contracts, suspension or firing of public workers, deportation of foreigners, cancellation of firearm permits, and the suspension of licenses or professional cards.

The government reiterates that topics of such importance must take into account what the people have to say, thus the government calls on all Colombian society—political parties, churches, economic associations, workers, peasants, social and community organizations, the academic community, parents and youths—to present, together with the government, a draft bill with popular initiative to call a referendum to modify the Constitution to clearly establish the prevalence of the general interest, the possibility of penalizing citizens for not fulfilling their duties, and clearly stating the legislators' prerogative to ban and prohibit the consumption of drugs and psychotropic substances.

In the next few weeks, the president will call on representatives of the various institutions and organizations mentioned to form promotional committees and begin the necessary formalities for a popular legislative initiative. Given the reaction in the last few days, the national government is certain that it is correctly interpreting the feelings of all Colombians in support of the fight against drug trafficking and preventing youths from Colombia and the rest of the world from falling into the claws of today's most damaging perversity—drug consumption.

I am ready for your questions.

[Moderator] First, we have Azucena Lievano from the "24 Hours Newscast." Due to a time limit, we ask that reporters ask only one question.

[Lievano] Mr. President, in the court's decision, the magistrates also spoke of the need for the state to establish measures or ways to educate Colombians on this. What decisions will the government make to teach people not to take drugs?

[Gaviria] My suggestion was against the emotional part of the ruling, about which the government is very concerned. If the government accepts the emotional part of the Constitutional Court's ruling, this would mean that because citizens have a right to take drugs, campaigns against drug consumption themselves could be called into question at any time. In fact, if the emotional part of the sentence were accepted, it could serve as a basis for the judge to rule in favor of a petition for protection and say that not even antidrug campaigns are a legitimate civil right.

The government is very, very concerned about the effects of the Constitutional Court's decision. But it is even more concerned about what motivated this sentence making drug consumption a civil right. This is very risky for society. It endangers the very campaigns that society, other institutions, and the government are waging in an attempt to convince Colombians, especially the younger generation, not to take drugs. This is because of the enormous risk this poses to an individual's development and to peaceful coexistence. The effect this has had in developing a society with healthy citizens, forming healthy citizens, and not citizens who are addicts, not persons with habits [words indistinct] that the justices of the Constitutional Court have now considered as a personal right. This will cause great harm to individuals and society.

[Moderator] Diana Mateu, from Radio Santa Fe.

[Mateu] Good afternoon, Mr. President. Some nations have criticized Colombia's position on drug consumption as it seems to change so much. There is also the confrontation between powers that seems to favor a trend toward the decriminalization of drugs; something

that the government of course opposes. Do you think that this could have repercussions on future relations with the United States?

[Gaviria] I believe this is basically an internal problem. I have never seen it as a problem with the international community. I see it as a matter that concerns Colombians alone. I have been witness to the Colombian community's almost unanimous reaction against the possibility that drugs could be used freely in Colombia. What is more, that decision almost exalts drug consumption; it is full justification for citizens to take drugs. This terrifies us. I do not believe one must [word indistinct] or tolerate international implications.

Let me take this opportunity to indicate that in other nations where [words indistinct] to say that drug consumption has been depenalized, let me say that in no country has this become a civil right. It is as if a specific antisocial behavior is considered [words indistinct] without the need to [words indistinct] that conduct of a penal nature. It is to that extent that there has been certain tolerance for accepting personal doses for drug consumption. It has not occurred to anyone to make this a civil right. [words indistinct] antisocial behavior. Right now, in no nation in the world, with the exception of Colombia, is drug consumption considered normal conduct or as an aspect of the development of an individual's personality. No, not at all. In all the nations of the world, drug consumption is a considered antisocial behavior. In some nations, in the vast majority, this incurs penal sanctions. There are some nations where there are no penal sanctions, but drug consumption is considered antisocial behavior, a behavio. that should be dealt with as a health problem. [Words indistinct] civilian sector favors not penalizing drug consumption, but it is something totally different to turn drug consumption into a civil right.

[Moderator] A question from Flora Ines Torres.

[Torres] Good afternoon, Mr. President. Are you not playing your last card by calling for a referendum this close to the end of your administration? In addition, you need the votes of 5 million Colombians. What is your opinion?

[Gaviria] I am acting in accordance with my duties. [Words indistinct] with my political nature. I believe I am behaving as most Colombians expect me to. We would have wanted to hold this referendum sooner. Due to the ruling's character, we have determined that most of the—should we say—limitations that could be established could be done by decree. To avert the constitutional consequences, however, and to try to avoid having this type of interpretation of the Constitution prevail, we have to modify the Constitution.

We believe the law that will be proposed to Congress on holding a referendum should come from a popular initiative, and we hope, in the coming days, to form a group to follow all procedures regarding the law on mechanisms for participation that will be sanctioned next week. We are only waiting for the signatures of some congressional chamber presidents because, as the Constitutional Court stipulates, Congress establishes the requirement that a popular initiative law must call a referendum.

I would also like to point out that, based on our consultations, our interpretation of the Constitution, and the law on mechanisms for participation, our opinion is that this referendum cannot take place concurrently with an election. It could not be held either during the first elections, the runoff elections, or possibly in the upcoming October elections. That referendum would have to be held on a separate date. We have not set a date for referendum nor have we agreed on its content because we want to reach a consensus with the sectors that come with us to collect the signatures. We want to get back on course and present this to the Congress during its regular sessions in June or in the sessions that are to start on 20 July.

We believe it would not be appropriate to present it before the law on mechanisms for participation is passed, or before hearing the views of the other sectors on which we have called. We will begin consultations next week in order to form a group of people to negotiate a popular intiative law with the Congress. I am positive we will be able to gather the 800,000 signatures required to make this a popular initiative law. I have confidence we will collect several million signatures for Congress so that it becomes aware of what Colombians want.

[Moderator] Here is William Parra.

[Parra] Mr. President, why had we not heard until now about the government's reaction to this Constitutional Court decision? Why did the government not respond while the suit was pending? What justification can President Gaviria give Colombians when he strongly promoted the Constitution and now he wants to reform it? As the Constitutional Court president said yesterday, it's like having a new dress and changing it [words indistinct] three months later.

[Gaviria] First, I believe you did not listen to the statement I made the day after the Court's decision. I believe Colombians are clear on the fact that their government and their president reacted to the Court's decision. I do not believe my statement today is any different from the one I made at that time [two-minute break in reception] that our Constitution embraces fundamental rights, which have no limitations and must not be compared to these other rights.

Somehow, this is what is behind the Constitutional Court's decision [word indistinct] because obviously that was not the feeling of the four magistrates who cast a dissenting vote, thus responding to the arguments and motivations with which the majority of Constitutional Court magistrates reached this decision.

[Moderator] The next question is from Ricaro Canon from "The Noon" newscast. After that will be Jairo Gomez.

[Canon] Mr. President, as long as this decision is in effect, what position and actions will the government adopt to repress and penalize drug consumption and trafficking? Do you consider, as you pointed out, that the Constitutional Court's decision can be overturned by decree?

[Gaviria] No. No. We cannot overturn the Court's ruling by issuing a decree because it will violate the Constitution. Because the ruling has a paragraph that includes the same guidelines, decrees, and laws of previous police corps, we will establish some of the limitations that the Court believes are reasonable and could be established. The essence of the ruling, however—drug consumption in Colombia—will not be banned. This is a basic right that cannot be curtailed by issuing a decree. The only way we can curtail that right, should we want to, is to amend our Constitution by means of following the amendment procedures stipulated in the Constitution itself.

[Moderator] Next question is by Jairo Gomez from the "Seven O'Clock Newscast", followed by Antonio Jose Caballero.

[Gomez] Mr. President, according to the proposal you have just made, there will undoubtedly be a need for many steps, and most surely it will not be taken into account before your administration ends on 7 August. Why did you not leave this to the new president of the Republic?

[Gaviria] Well, for one thing, the new president of the Republic would have proceeded with this issue as he saw fit. I do not want to get involved in the decisions the new president would adopt. I am going to issue the decree and take the initiative in asking citizens to express their opinions. I believe that it was not only the president's opinion which I expressed in the early hours of the day after the Court's decision. In this respect, with regard to the next government, he will proceed as he deems appropiate. I believe that as a result of the Colombian people's generalized frame of mind with respect to this issue, the next president's government will work to have the people express an opinion on this issue. If we had had a president-elect now, I could have consulted him about the issue. Since we do not, I believe it is my responsibility to uphold the Colombian people's desire to keep working to prevent this situation—which is of a legal nature—from taking hold. This is the case not only because of what it represents, as far as drug consumption goes, which a great majority of Colombians reject, but also for other reasons that could become a reality if this type of decision prevails in Colombian society as an interpretation of the Constitution.

[Moderator] Here is Antonio Jose Caballero of RCN, and (?Clemente Dominguez) gets ready to ask his question.

[Caballero] Mr. President, once again we hear the expression I abide by but do not agree with in this explanation of the Colombian state branches. The prosecutor general [words indistinct] through the Constitutional Court. What is the government most concerned about? The image of Colombians abroad or the health and well-being of people here?

[Gaviria] With regard to what the prosecutor general thinks of the Constitutional Court's decision, that is something you would have to ask him, whether this was the sort of legalization he was proposing or something different, or whether he had another proposal to make to Colombia and the international community. I would prefer not to interpret the prosecutor general's view. I have clearly stated that I am concerned about this situation's impact at home, not for its impact abroad. I am fundamentally concerned about its impact at home on the health of Colombians, the social cohesion of Colombians, the need to punish the antisocial behavior in Colombian society. It concerns me whether it is advisable for Colombian society to be able to demand that drug abusers undergo medical treatment so that Colombian society can punish anyone who is a repeat drug abuser if he does not undergo medical treatment and give up drugs. These circumstances make this a serious matter.

Reaction abroad does not seem essential to me. Citizens' reaction, parents and young people, reflects concern for our children, our young people, and our society. I have not seen anyone worry about the consequences abroad. In fact, I do not think there will be consequences abroad. We have to focus on the impact this has on our families, our children, and our society.

[Moderator] Here to ask a question is (?Clemente Dominguez) of Todelar. Samuel Salazar of Caracol Radio gets ready to ask his question.

[Dominguez] Mr. President, why do you insist on a referendum rather than on a bill, as the Constitutional Court said, and why not include the proposal for an educational campaign for drug abusers since experts feel drug addiction is a kind of illness?

[Gaviria] Regarding the first issue, I would like to say the decree we will issue will in no way take the place of a statutory law that establishes limitations mentioned by the Court's decision. The Court said these are police norms, and we believe that by gathering a large amount of norms from the Minors Code and other kinds of legislation to which we will refer next, when we issue the decree, we will be able to establish those limitations. But we are concerned about the motivation behind the sentence, not so much about the decision that we can criminalize drug consumption, since what concerns me the most is motivation.

Why are we concerned about motivation, and why do I insist on this? We are concerned about motivation because it has turned drug consumption not into antisocial behavior that will not be penalized but into a civil

right. These are two very different things. It is true that some societies have come to the conclusion that they do not want to penalize drug consumption or personal drug doses. No society, however, has said that drug consumption is not antisocial conduct. This is something exclusive to Colombian society and our Constitutional Court. Holland, Germany, Italy, (?Spain), and some U.S. states did not do this. That is not true. Drug consumption in all those countries is antisocial conduct. It is antisocial conduct. In some countries, it is punished by law, and in others it is not, but in all of them it is antisocial behavior. But here, our Court, in an interpreation that we described as excessively individualistic, has ruled that drug consumption is not antisocial behavior but actually a right. I think it does serious harm to Colombian society to coexist with that theory, with that underlying idea of the development of personality, which deep down... [pauses] In some way we agree with the dissenting opinion that showed this undermines life and the very argument used by the Court. It undermines human dignity, the development of personality, and social coexistence.

[Moderator] Here to ask a question is Samuel Salazar of Caracol Radio, and Pablo Arturo Paez gets ready.

[Salazar] [Words indistinct] [Ninenteen-second break in reception for station identification by station announcer]

[Gaviria] ...an arbitrary arrest. We could decide to arrest a driver for having taken drugs. We believe this conduct is evidently damaging to society. In addition, we would have to consider other than simple penalties. We believe such conduct warrants an arrest and our Constitution foresees it [words indistinct] not been declared as invalid by the Court. We believe that anyone who takes drugs in public places can be subject to arrest, more so if we are referring to any Public Force member. Quite frankly, I plan to fight with all my energy to prevent Colombian society from falling prey to situations where, for example, Public Force members or even doctors, take drugs right in front of their patients, or perform surgery while under the influence of drugs. I firmly believe that such conduct warrants an arrest. Don't you agree?

[Moderator] The following question is from Carlos Arturo Paez from [word indistinct] followed by Ana Fernanda Valderrama.

[Paez] Mr. President, the Constitutional Court's majority decision was made by taking Article 16 of the Constitution into consideration. When reading this article we notice that this article is very broad and difficult to regulate. Does the government have its own initiative as to what and how this article should be regulated?

[Gaviria] Most surely it is an article very difficult to regulate. Except for cases involving drug consumption, we have found no other angle to develop the article as part of a statutory law. We have thought—and this would be one of the issues we would propose to the group working on the People's Initiative Law—to include a proposal to add several paragraphs to the article establishing that the lawmaker can determine penalties, inclusive of criminal penalties, not only against those who take drugs under certain circumstances such as the ones I just mentioned. Most of all, to determine penalties even for those who take drugs on a personal basis.

[Moderator] Last question from Ana Fernanda Valderrama from "National Newscast."

[Valderrama] Mr. President, good afternoon. Through a decree, you plan to tell the Colombian people, as well as the country's mayors, that they are not allowed to take drugs in public places. You plan to tell doctors that they cannot do it in front of their patients. What everyone is wondering, however, is that most surely the people are going to do it in private and it is not going to be restricted to the average citizen, but it will also spread, even government workers. Do you not believe that this could foment the double morality standards already existing in the country?

[Gaviria] Of course, however, that is not as result of the decree the government is going to issue. It is a repercussion of the ruling by the Constitutional Court. I think we all agree, and I think that on this the Constitutional Court also agrees, that Colombians have the right to consume drugs but that there must be limitations. Which limitations? There are limitations on situations that endanger social coexistence, solidarity, and social order. Those limitations will undoubtedly have to be established anyway. Just imagine a society that condones situations such as a pilot flying an aircraft, or a driver under the influence of drugs. Situations such as those represent a peril to social order. I feel obligated—regardless of the inconsistencies you just mentioned—to issue a decree that includes those legal provisions. Thank you all.

Roundup of Electoral Developments

PA2005003294

[Editorial Report] The following is a compilation of reports on developments related to the elections scheduled for 29 May.

On 15 May, Conservative Party presidential candidate Andres Pastrana stated that Santa Fe de Bogota needs a friend in the presidency; "someone who is acquainted with the city's problems." During a visit to several Santa Fe de Bogota communities, Pastrana declared he is willing to guarantee the necessary assistance to solve the public transportation problem starting with the construction of five new highways. He also explained his plans to promote low interest housing loans through the National Urban Reform Institute, as well as to improve the quality of education throughout the nation. Another of his proposals consists of implementing unemployment insurance aimed exclusively at housing payments. (Santa Fe de Bogota EL TIEMPO in Spanish 16 May p 7A)

During a visit to Apartado this past weekend, Liberal Party candidate Ernesto Samper took advantage of the opportunity to disclose his "15 days strategy" leading to election day. The Samper strategy is based on three central points: to marshal and mobilize liberals throughout the nation in order for them to work for victory in the elections; the strengthening of the "Alliance for Colombia" which includes all sectors of Colombian society; and lastly, the impressive dissemination of what he termed as the "final position," which entails giving a detailed account of his proposals and their fundamental differences with those of Pastrana. (Santa Fe de Bogota EL TIEMPO in Spanish 16 May 94 pp 1A, 6A)

Conservative Party presidential candidate Andres Pastrana Arango and Liberal Party hopeful Ernesto Samper have both stressed the need to call a referendum on the Constitutional Court's decision to legalize the possession of minor quantities of drugs for personal use. Pastrana indicated that "all Colombians must clearly voice their position on the Constitutional Court's decision." He also proposed the inclusion of a second ballot on the issue in the 29 May presidential elections. Ernesto Samper recently sent a note to President Cesar Gaviria stating that he supports the president's position on calling a referendum and that "it is an issue of much significance for the welfare of all Colombian families and the younger generation." (Santa Fe de Bogota EL TIEMPO in Spanish 9 May p 6A)

Antonio Navarro Wolff, president of the 19 April Democratic Alliance, AD/M-19, and presidential candidate, indicated that his party "is gambling everything" on the 29 May presidential elections. He added that should there be a second election round in which he is not included, he is willing to abide by his party's decision. The determination, which was made during a 10 May AD/M-19 national meeting, includes holding a general assembly once the election results are made public. According to Navarro, this is a way of giving assurances to all those who have decided to support him during the elections. (Santa Fe de Bogota EL TIEMPO in Spanish 11 May 94 p 7A)

Paraguay

Wasmosy Receives Romanian Prime Minister

PY1905161194 Asuncion ABC COLOR in Spanish 19 May 94 p 13

[Text] President Juan Carlos Wasmosy yesterday received Romanian Prime Minister Nicolae Vacaroiu. Later the president said that Paraguay will place a list of national products at the disposal of Romanian authorities in order to begin trading with that European country. Vacaroiu has begun a four-day official visit to the country that will end at 1240 on 21 May.

"This is the first time a Romanian prime minister has visited us. Borders are opening, the world is getting smaller, the economy is becoming global, and it is important for these people to get acquainted with our country," President Wasmosy said at Silvio Pettirossi International Airport. Vacaroiu arrived at 1450 yesterday.

Wasmosy said the government had prepared a draft of agreements to be analyzed by the two presidents' ministers and advisers. Among the documents that are scheduled to be signed at 1030 on 21 May are agreements on cultural exchange, the elimination of visas for diplomatic and official personnel, documents on cooperation between the two countries' foreign ministries, and a trade agreement.

Wasmosy said the purpose of the trade agreement is to start trade relations with Romania, because we want Romanians to know what the country can produce. The president added that it is also important to know what products Romania can sell to our country.

Interior Minister Faces Labor Leaders, Lawmakers

PY1905160794 Asuncion NOTICIAS in Spanish 19 May 94 p 13

[Text] Interior Minister Carlos Podesta has recognized that the police showed "inefficiency" during the 2 May incidents in Tacuara that resulted in the death of young Sebastian Larrosa. The minister agreed to answer questions from labor and peasant leaders, journalists, and a number of legislators during a public meeting at the Radio Primero de Marzo auditorium. Podesta admitted that the police shot at shoulder height in Tacuara. He was nevertheless strongly accused and criticized for his performance at the head of the Interior Ministry. He was also criticized for the government's performance.

A good portion of the questioning session centered on the violent incidents in Tacuara during the 2 May general strike, and the murder of peasant leader Esteban Balbuena. The program was conducted by journalists Carlos Peralta and Andres Granje.

Podesta was calm in answering questions from labor and peasant leaders during the program. At some points, however, he showed signs of being annoyed, particularly when he heard strong accusations against his performance in the case of the death of the peasant in Tacuara.

The minister defended the image of the police institution at all times, saying that it was not a criminal organization.

Regarding police performance during the peasant demonstration at Tacuara, Podesta said that the police had been instructed to try to reason with the demonstrators as much as possible, adding that no one received orders to shoot at anyone.

In the midst of the debate Podesta recognized: "There were police officers, more than one, who shot at shoulder height. We recorded the incidents, and thanks to the videos we can determine who they are. A total of 17 police officers are under arrest at this time."

Later the minister recognized that the police had been inefficient in Tacuara, adding, however, that the police officers did not have any ill intentions.

Podesta denied that he had received instructions to order the police to be inflexible during the strike, not even from President Wasmosy.

Labor leaders Alan Flores and Eduardo Ojeda strongly criticized the performance of Podesta, who said he will not hide from his responsibility in the event and will not resign. "It is not fair to include my resignation among labor's demands," the minister told union leaders.

Podesta denied that the killing of peasant leader Estaban Balbuena had any political implications. He added that an in-depth investigation of the case has not produced enough evidence to come to that conclusion.

The questioning session reached a climax when Arganaist [from the Luis Maria Argana faction of the Colorado Party] Deputy Walter Bower intervened to characterize Podesta as "an expert in political warfare." The legislator said the questioning session fitted his purposes perfectly, as the minister was able to show his qualities and confuse the people even more.

At the end of the program, labor and peasant leaders said they were not satisfied with Podesta's answers.

At one point during the questioning session, Podesta denied that peasants were being blamed for wanting to destabilize President Juan Carlos Wasmosy's government. Podesta thus contradicted accusations made by the president, who repeatedly blamed peasants for the alleged campaign to destabilize his government.

Labor leaders accused the government of implementing an alleged plan to eliminate labor and peasant leaders, citing the recent assassinations of Esteban Balbuena and Sebastian Larrosa. Podesta categorically denied that the government was planning to eliminate social and labor organization leaders.

The secretary of state insisted that the police department was not a criminal organization, adding that the government was working to turn the institution into a healthy organization. "This is what we have. We are working on it," Podesta added. At another point, the minister said that government authorities regret more than anyone else what happened during the 2 May general strike. He said the ministry had ordered an inquiry to find out exactly what happened. The minister also said he trusted that the murders of peasant leaders Esteban Balbuena and Sebastian Larrosa would not go unpunished.

Peru

Government's Letter of Intent to IMF

PY1805130094 Lima EL COMERCIO in Spanish
9 May 94 pp A5-A6

["Text" of draft letter of intent addressed to IMF Executive Director Michel Camdessus and released by the presidential Press Secretariat on 8 May]

[Text] 1. This letter explains the Peruvian Government's economic policy for 1994 within the context of the Extended Fund Facility that was approved by the executive board on 18 March 1993. The development of the economy in 1993 was in general much better than was expected in the program's projections. It is estimated that the real GDP has increased by 7 percent, double what was estimated in the program's objectives, while net international reserves increased to approximately $265 million when compared with the program's goal of $195 million. Fiscal and monetary discipline has permitted a reduction in inflation from 57 percent in 1992 to 39.5 percent in 1993, and to a rate of 27 percent per annum during the second half of 1993. All the program's goals to December 1993 have been complied with, with the exception of the accumulation of delays with official creditors that was canceled on or around 9 February 1994.

2. The 1994 economic program has the intention of continuing with the reduction of inflation to between 15 and 20 percent, and of increasing the Central Bank's net international reserves by $151 million within the context of a real growth in the GDP of between 4 and 5 percent. The government will increase structural reforms in order to improve efficiency and increase national savings by providing the base for a sustained growth and for the viability of the balance of payments. In order to complement these internal efforts, the Peruvian Government will ask its creditors for a reduction in the balance of the foreign debt and its servicing in such a way that it will be viable with foreign accounts. The government will intensify its efforts to reduce poverty, improve the health, education, and other services of the population, and its efforts to consolidate the country's pacification, which is essential for the program's success.

3. In order to achieve these objectives, the public sector's primary surplus (prior to the income from privatizations) will in 1994 be increased to 0.6 percent of the GDP (up from 0.1 percent in 1993), which represents a significant advance that will help in covering the cash interest payments after the debt has been reduced. The public sector's consolidated deficit will be maintained at under 2.3 percent of the GDP, and will be fully financed with external resources. Efforts will be increased to increment tax income to finance the programmed expansion of public investment, social programs, and national security.

4. The government plans to achieve an increase in its current income from 10.5 percent of the GDP in 1993

(11.4 percent in the fourth quarter of 1993) to 12.1 percent in 1994. Any lack of achievement in this respect will be made up with additional tax measures. It is hoped that the tax reform that was implemented in December 1993 will bring in additional income equivalent to 0.4 percent of the 1994 GDP; it also expands the tax base and simplifies the tax system; and it is hoped that it will give continuity to the 1992 tax reform. The government will continue to expand the tax base. In will require an overall adjustment for inflation in order to estimate the value of assets that are subject to the minimum income tax of enterprises and for the payment of income tax in 1994. No new tax stability contracts will be signed that grant specific tax benefits to enterprises. The government will motivate voluntary resolutions of the contracts that were signed in the past. The government will not create new free trade zones.

5. Within the context of deregulation measures aimed at promoting privatization, the prices set in November 1993 for oil by-products at the refinery (Petroperu) [State Petroleum Agency] were comparable to international prices, while the prices for consumers were deregulated. Payment of royalties by Petroperu and by private contractors, as well as the special rate paid by Petroperu to the Public Treasury—that is, 7.5 percent of its domestic sales—will be maintained at least until the end of 1994. These changes are expected to generate additional revenues that will account for approximately 0.4 percent of the GDP in 1994. Other utility rates will continue to be adjusted pursuant to the established target rates in their specific regulatory systems.

6. Revenues will also increase as a result of improvements in the area of tax administration (Sunat) [National Tax Administration Superintendency], especially through new control systems implemented this year that include: a) a system of collecting taxes through banks; b) a roster of taxpayers (RUC) [Centralized Taxpayer Registry]; c) a system of control of the use of credit resulting from the General Sales Tax (IGV) by exporters; d) a system of cross-checking tax information concerning individual companies, their main suppliers and purchases, and their import statements; and e) an expansion of the system designed to verify compliance with their tax payments by the 7,000 leading taxpayers. The simplification of the tax system implemented in December 1993 will also contribute to improving efficiency in collecting revenues, including the new system of fixed payments that are not entitled to fiscal credit (RUS) [Simplified Tax System] [Regimen Unico Simplificado], which replaces the IGV and income tax, which will incorporate a large number of small taxpayers. With IMF technical assistance, Sunat has developed a plan to strengthen auditing and monitoring mechanisms and has completed an evaluation on evasion of IGV payments. Sunat will implement the revised version of the Tax Code that was promulgated in December 1993, which markedly increases its auditing powers and further simplifies administrative procedures. The revised Tax Code also strengthens the Fiscal Tribunal. Sunat will provide funds to improve the tribunal's operations. There will be two chambers specialized in hearing tax lawsuits, and it has been established that the Economy and Finance Ministry will be able to increase the number of these chambers, if necessary.

7. During 1994 the National Customs Superintendency will continue with its personnel training program and will extend its automated system to all of its offices nationwide. New legislation will be submitted to Congress during the first half of 1994 to fight smuggling more intensively, by meting out stiffer sanctions and by investing Customs with greater powers to deal with criminal cases in direct coordination with Sunat. Like the Fiscal Tribunal, the Customs Tribunal will consist of six chambers, though this number could be even higher.

8. The fiscal program incorporates the use of $250 million, in cash revenues from the privatizations to be undertaken in 1994, to supplement current revenues in order to finance social investments and the government's structural reforms. Moreover, up to one-fourth of proceeds from privatizations that exceed the aforementioned amount can be earmarked—with the help of the World Bank and the IDB [Inter-American Development Bank]—for projects having a high social rate of return, especially in the construction industry, highway maintenance, and infrastructure in rural areas. The ceiling for these endeavors is $626 million. The remaining amount will be deposited in a Treasury account at the Central Reserve Bank. Funds from this account may be used for paying debts that pay a high interest rate, or to prefinance loan disbursements for projects approved by the World Bank or the IDB with agreement to reimburse. The government pledges to follow the programs closely to ensure that their objectives of stabilization and growth are met.

9. Total expenditures by the nonfinancial public sector (excluding interest payments) will rise from 10.8 percent of GDP in 1993 to 11.8 percent in 1994. The expansion of capital outlay—which will lay stress on infrastructure development, social programs, and structural reforms—accounts for most of the increase. Expenditures from the social emergency scheme (including outlay by the National Compensation and Social Development Fund, Foncodes) will increase from 0.6 percent of GDP in 1993 to 0.8 percent of GDP in 1994. This program, together with other expenditures in social programs amounting to approximately 3 percent of GDP, will especially target the following areas: nutrition, primary health care programs, and education, to alleviate poverty in rural areas and in those areas that have been hardest hit by terrorism and drug trafficking. The central government's payroll and spending on defense are expected to increase at a faster pace than GDP because of salary arrears going back to 1993; readjustment of civil servants' salaries, which are still low compared to those in the private sector; and expenses in the ongoing effort to consolidate the pacification of the country, to rout terrorism, and to combat drug trafficking.

10. The Central Reserve Bank will continue to make every endeavor to meet the program's targets concerning inflation and the balance of payments. During 1994, the Central Bank's net domestic assets will remain unchanged, and there will be no net domestic credit to the overall nonfinancial public sector. The Central Bank's net international reserves will increase by some $151 million. The fiscal deficit will be eliminated thanks to the reduction in compensation for minimum reserve requirements in foreign exchange in November 1993 and fresh revenues stemming from Treasury interests on the capitalization of the Central Bank in May 1994. The Central Bank will try not to reduce minimum reserve requirements in domestic currency, and will grant discounts only in cases of transitory liquidity problems. The growth of the monetary base will be limited to 20 percent this year.

11. During 1994, the government will continue to implement a floating exchange rate policy. It is estimated that the recent reduction in compensation for minimum reserve requirements in foreign currency, together with the programmed fiscal position, will reduce capital flows and ease off pressure on the appreciation of the currency in 1994. The Central Bank will follow developments in the exchange market very closely, and if circumstances make it necessary to step up foreign competitiveness, the government will be willing to effect a greater fiscal adjustment than the one envisaged in the fiscal program.

12. The 1994 program is fully financed, taking into account the debt relief by the Paris Club in May 1993 and the payment postponement of debt obligations to other creditors. Peru has reached bilateral agreements with most of its creditors listed in the minutes of the agreement with the Paris Club in May 1993, and will seek to soon end negotiations with the remaining creditors. Peru has started negotiations with the commercial banking sector, and it is hoped that these negotiations will end in a voluntary reduction of the debt and the servicing of the debt by late 1994 or early 1995. Agreements to reschedule the debt have been reached with certain creditors, and in 1994 Peru will start contacts with other private and bilateral creditors that do not belong to the Paris Club, with the purpose of exploiting other ways to normalize financial relations. The government hopes that the possible agreements with the commercial banking sector and other creditors will significantly contribute to settling Peru's balance of payments and its fiscal creditworthiness. Peru's high debt ratio compared to its GDP, and the exceptionally high amount of interest in arrears, will have to be taken into account for these agreements. Within the context of the privatization of public enterprises, and as part of a strategy regarding the amount of the debt and its servicing, the government has included a scheme for converting the debt into investments, allowing all its creditors to use debt notes for this purpose. In order to continue improving the Peruvian foreign debt, the program limits the medium- and long-term foreign public debt (which is different from the debt with multilateral organizations and that contracted in the form of concessions) contracted in 1994 to $300 million, and the increase in the short term debt to $25 million. No delays in payment to international financial institutions nor to the Paris Club creditors are expected.

13. During 1994 and early 1995, the remaining public enterprises, of various sectors of the economy, will be privatized. The Cerro Verde mining company and the telecommunication companies (CPT [Peruvian Telephone Company] and Entel [National Telecommunications Enterprise]) were sold in early 1994, and the other mining company (Centromin [Central Peru Mining Enterprise]) will be put up for sale around May. There are plans to put a commercial bank (Interbanc) up for sale by June 1994. Moreover, during the second half of 1994 the Peruvian Government will offer for sale 60 percent of the Electro-Lima [Peruvian State Electric Power Enterprise-Lima] generating and distribution network, the Minero-Peru [Peruvian State Mining Enterprise] refinery in Cajamarquilla, part of Petro-Peru [State Petroleum Agency], and part of the fishing company Pesca-Peru [State Fishmeal and Fish Oil Production Agency]. As is stated in Paragraph 12, in February 1994 the government issued regulations on the use of the mechanism to convert the debt into investments in the case of the privatization process. The use of this debt conversion system will be allowed in specific cases when the privatization process faces greater difficulties.

14. Through the application of the new Banks Law promulgated in October 1993, in 1994 the National Superintendency of Banks and Insurance Companies (SBS) will continue to enhance sound regulations by intensifying the inspection of banks, seeking a policy that will handle the problem of dubious bank assets, and promoting the capitalization of the financial system. By late 1994 all provisions for bad credits and credits that lack guarantees will be required. A special SBS unit will place all risk debtors at the same level. The SBS will also focus all its efforts on improving the handling of information and its human resources with technical assistance from the IDB.

15. The government promulgated a new statute for the Bank of the Nation in January 1994, and its restructuring is expected to conclude around September 1994, in accordance with the guidelines recently agreed upon with the World Bank. As the agent of the Treasury, bank operations will be restricted to the management of public accounts, and will not include commercial operations with the private sector or interbanking operations. The Popular Bank branch in Bolivia was privatized in November 1994 [as published] and the liquidation of the Popular Bank is expected to be completed in December 1994. The liquidation of the remaining assets of the development bank will also be concluded in December 1994.

16. The creation of the Private Pension System in June 1993, as an alternative to the public pension system, is expected to contribute to the increase in overall savings

in the economy. A new Superintendency of Private Pension Fund Administration was created to regulate the funds. The regulations in this area will continue to be improved as necessary. The Peruvian Institute of Social Security will only provide health services, and therefore it will restructure its personnel in accordance with its new functions established in 1994. The Social Security Normalization Office (ONP), which will begin operations in June 1994, will gradually take over responsibility for the operation of the public pension system. The pension payment will be financed with a transfer of about 300 million soles from the Treasury in 1994.

17. The government will continue to liberalize and simplify the trade system. The list of products subject to the 25 percent tariff rate was reduced even further in 1993, leaving less than 2 percent of the value of imports at this tariff level. The objective is to unify all tariffs at 15 percent by 1995. A timetable was reached with the IDB, within the context of the Sectorial Loan for Trade, to gradually reduce the surcharge on agricultural products with the objective of eliminating it by July 1997. The government will conclude the privatization of the National Enterprise for Industrial Marketing (ENCI) by December 1994. In addition, the trade negotiations with the Andean Group have concluded satisfactorily. Agreements are also being negotiated with other countries, like Argentina, Chile, and Mexico, to reduce trade barriers. Peru has signed the Uruguay Round agreement.

18. The government will strengthen its policies to reduce poverty as an essential element for consolidating the pacification program and the substantial progress made in stabilizing the economy. In 1994, Peru began a global program of social stabilization which will coordinate efforts in the areas of education, health, nutrition, justice, and job creation with its own resources, donations, and funds from multilateral institutions. For this purpose Peru has asked for technical assistance from the IMF and the IDB to implement the programs against poverty, within the context of a general follow-up to the policy and management of public spending.

19. During 1994 the government will continue its efforts to increase educational coverage and quality. These efforts will be concentrated on decentralizing education and introducing a direct budget appropriation system for schools based on the number of students. A pilot plan will be carried out during 1994, in an attempt to cover between 100,000 and 150,000 elementary school students.

20. Substantial progress was attained during 1993 to make the labor market more flexible, through the proclamation of a law that allows several kinds of labor contracts, a flexible position regarding job security, and which regulates the collective labor bargain process with the purpose of minimizing labor disputes. The government will propose a new Labor Code that will consolidate and harmonize the existing laws, with the purpose of further reducing the strict norms of the labor market according with the new 1993 Constitution. The arbitration procedures will be revised in order to expedite labor dispute settlements.

21. The government believes that it is necessary to substantially improve its knowledge of the macroeconomic situation in order to better analyze and plan the economic policy. Many of the recommendations made by the IMF monitoring mission during its March/April 1993 visit have already been implemented. The government has established a permanent interinstitutional committee made up of high-ranking officials from the Economy and Finance Ministry, the Central Reserve Bank, and the National Institute of Statistics and Information Science, to help adopt coordinated measures to improve the macroeconomic statistics of each sector and to promote a consistent statistical methodology among all sectors. The government will likewise take action to improve the compilation of national accounts and to correct deficiencies in the Consumers Price Index and in the GDP deflators, with technical assistance from the IMF.

22. The government considers that the policies described in this letter are appropriate for attaining the objectives of the economic program, and it will adopt any additional measure appropriate for this purpose. The Peruvian Government and the IMF will hold periodical meetings according to the policy on such meetings, as specified in our 18 March 1993 letter. Before the end of August 1994, and every three months from then onward, the external financing of the economic program will be reviewed until a satisfactory agreement is reached, as specified in our 19 March 1993 letter. The execution of the economic program described in this letter will be revised together with the IMF before the end of August 1994. The evaluation criteria of the program are described in Charts 1, 2, and 3. The evaluation criteria for 1995 and the calendar for future revisions of the economic program will be established not later than 15 March 1995. The IMF will maintain at the disposal of Peru the funds of the Expanded Financial Facilities Agreement. Peru may use these funds, if necessary, to finance debt restructuring programs; Peru will also be able to ask for an increase of the funds of said agreement, according to what is established by IMF norms in these cases.

Respectfully,
Jorge Camet, Minister of Economy and Finance
German Suarez Chavez, President of the Peruvian Central Reserve Bank

Uruguay

Foreign Minister Denies Aid Planned for Haiti

PY2005023394 Madrid EFE in Spanish 0140 GMT 20 May 94

[Text] Montevideo, 19 May (EFE)—Uruguayan Foreign Minister Sergio Abreu today denied that his country will

participate in an eventual American force that will take action in Haiti, and he ratified that his country does not support an armed intervention in that Caribbean country.

Abreu made his country's position known after some foreign media asserted that only Argentina and Uruguay were willing to participate in a multinational force in Haiti.

The U.S. State Department asked the opinion of several OAS member countries on the creation of a multinational force to dislodge the military in power in Haiti.

The majority of Latin American countries opposes this idea, which is one of three being studied in Washington. The other ideas include direct intervention by the United States and the creation of a force made up of Haitian refugees.

Uruguay has promoted political actions in the OAS in order to prevent the Haitian crisis from turning into a military solution.

Abreu stated that the country's position has not changed and it will work with "preventive diplomacy."

The foreign minister said Uruguay "is a jealous defender of nonintervention and the self-determination of nations."

"Uruguay will support all solutions that come within the framework of international law and the responsible organizations," Abreu reiterated. "The principles of nonintervention and self-determination are not negotiable," he stressed.

Lacalle on Elections, Reform, NAFTA, Mercosur

PY1905201694 Montevideo LA MANANA in Spanish 17 May 94 p 5

[Interview with President Luis Alberto Lacalle published in the Argentine newspaper AMBITO FINANCIERO; place and date not given]

[Text] [AMBITO FINANCIERO] Conducting a provisional stocktaking of your administration, what has satisfied you most and what are the frustrations after four and a half years of tenure?

[Lacalle] Considering we are a minority government—of which we were already aware before the 1989 elections—I believe we have accomplished quite a lot.

Indeed, we have done everything we were permitted. We could not do some things because we lacked the support of Congress or of the citizenship—as in the case of the Law on Government-Owned Enterprises. This was the fate of the two most important issues the country must resolve, namely the social security system and the privatization of state-run enterprises.

[AMBITO FINANCIERO] What happened to those questions?

[Lacalle] It is very simple. The privatization of government-owned enterprises came under fire at the plebiscite. [Former president and Colorado Party leader] Dr. Julio Maria Sanguinetti and left-wing sectors campaigned against it under the slogan "Vote Against the Government." It goes without saying that they won a political victory, but they acted like a brake on the modernization of Uruguay, slowing it by several years.

Moreover, they acted even though Congress had enacted a watered down and tempered privatization law.

With regard to social security, we submitted a reform bill to Congress but we could not muster the necessary votes to pass it.

Last year, for example, the state had to subsidize the social security system to the tune of $282 million.

Imagine what that means to a country whose annual export earnings total $1.7 billion. This situation affects the competitiveness of companies because labor is very expensive in Uruguay and the cost of living goes up for workers. This may sound a bit pompous, but our responsibility to our country and to history is saved.

[AMBITO FINANCIERO] What do you think about Dr. Sanguinetti, who considers the Broad Front as his only political opponent in the run-up to the elections? He even predicts that the 27 November elections will polarize voters around himself and [Broad Front presidential candidate] Tabare Vazquez?

[Lacalle] As I do not like making political prophecies, I will tell you an anecdote. Before the 1989 elections, the Colorado Party contended that it would govern until the year 2000, and that its main rival was the Broad Front.

All the public opinion polls supported this forecast. Six months later, I won the elections by the greatest margin ever recorded in our history. Sanguinetti is merely using a political strategy.

If you want to know why, you must ask him.

[AMBITO FINANCIERO] The problem is that for the time being he does not want to talk to the press.

[Lacalle] Well, Dr. Sanguinetti said something very important in Buenos Aires, on [Bernardo] Neustadt's television program. He said: "We do just fine until we open our mouths."

[AMBITO FINANCIERO] The local press say you have lost clout with your own political faction and that you are unable to impose Senator Juan Andres Ramirez's candidacy. Is that true?

[Lacalle] I have been in politics for 35 years and was the first elected "Blanco" [Party] president in 160 years. During those years, I have fallen and started anew. I have endured bombs planted by Tupamaros guerrillas and the action of hooded military men, and I have lost more

elections than I have won. This is just another circumstance, but I will respond in a more precise way on 28 November.

[AMBITO FINANCIERO] What do you think about of Argentine interest in joining NAFTA?

[Lacalle] Brazil and Argentina are interested in other forms of integration because of their internal policies and not because they are not interested in the Mercosur [Common Market of the South]. Argentina is determined over the issue of NAFTA and Brazil has a project, which to some extent is an alternative to Mercosur—the South America Free Trade Zone. I believe it is a big mistake because political anxiety is the worst fate to befall a country's foreign policy.

By signing the Treaty of Asuncion, we committed ourselves to establishing one of the largest markets in the world. If we do so appropriately and expeditiously, we can partake in this game of giants in which economic blocs rather than individual countries participate. Argentina and Brazil would attain what seems to be their objective of belonging to the first world by enhancing each other's position—and with our participation—within the Mercosur.

[AMBITO FINANCIERO] Last week the United States declared Uruguay "eligible" to join NAFTA. Are you not tempted?

[Lacalle] No, because I do not look to the United States to guide my life, even though I must obviously take it into account. For me, the United States' positive evaluation of our country can only be interpreted as a compliment. What I did propose to President Bill Clinton is a link between NAFTA and Mercosur. This would not rob Uruguay of its sleep as it already has a priority—Mercosur.

Binational Agency Established With Argentina

PY1705152394 Montevideo LA MANANA in Spanish 13 May 94 p 39

[Report by Daniel Rondan in Mercedes]

[Excerpt] Argentine Foreign Minister Guido Di Tella has announced the establishment of an organization for the development of our region. CODEFRO [expansion unknown] will be established as a binational agency within six weeks. The municipalities on the Uruguay River will join the foreign ministries.

Foreign Minister Di Tella on 11 May told the Uruguay River mayors that within six weeks the CODEFRO binational agency will be established under an agreement with the Argentine Government.

The Argentine and Uruguayan municipalities will play a very important political and technical role in this organization, because they, along with the foreign ministries, will be executive committee members.

The CODEFRO project, sponsored by the Inter-American Development Bank, will therefore be implemented. It represents the crowning of two years of work by the Planning and Negotiations Committee, which represents five Uruguayan municipalities and seven Argentine municipalities. It also represents a pilot project in Latin America in the field of regional integration, and a subsystem within Mercosur [Common Market of the South] planning. [passage omitted]

Roundup of Economic Reports

PY1905174194

[Editorial Report] The following is a compilation of reports on economic activities monitored through 19 May.

The National Statistics Institute has reported that the Consumer Price Index increased by 3.52 percent in April. The accrued inflation in the first quarter of the year added up to 11.65 percent as compared with 16.1 percent in the corresponding period in 1993. Food and beverages, transportation, and communications registered the highest price increases. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 3 May 94 p 8)

The trade deficit continued its upward trend in February, reaching $51.8 million. Exports grew by 6.5 percent while imports increased by nearly 17 percent in the first two months of 1994, resulting in a $122.3 million deficit. The reasons behind the trade deficit are: lack of competitiveness, the increase in salaries, the cost of living, the decline in the price of some products on the international market, and the reduction of tariffs that spurred purchases of imported goods. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 4 May 94 p 9)

The Central Bank's net international reserves increased by $2.3 million in April, totaling $1.2587 billion. International reserves have increased by $56.8 million so far this year. The monetary base shrunk by $201.5 million last month due to a $208.8 million drop in the net domestic credit granted by the Central Bank. (Montevideo EL PAIS in Spanish 5 May 94 Market Indicators Section p 1)

Despite the fact that Uruguayan exports to Common Market of the South, Mercosur, member countries increased by 25.1 percent in the first two months of the year, its trade deficit with these countries added up to $78.7 million, thus registering a 43.1 percent increase compared with the corresponding period in 1993. There is a trade deficit of $48.3 million with Brazil and a deficit of $32.7 million with Argentina, while the surplus with Paraguay amounts to $2.3 million. (Montevideo EL PAIS in Spanish 5 May 94 Market Indicators Section p 1)

According to figures released by the Central Bank, Uruguay grew by an average 3.3 percent per annum in the four years of the Blanco Party administration. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 6 May 94 p 10)

The State Board of Sanitation chairman has reported that public water rates increased by 11 percent as of 1 May. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 6 May 94 p 10)

The Central Bank has reported that the public sector—including government-owned enterprises, town halls, and other decentralized agencies—registered a $9.1 million deficit in January 1994 despite the central government's $6.9 million surplus. The financial position of the public sector has been deteriorating since last year, when after recording a $51 million surplus in the first quarter, it showed a deficit amounting to 1.5 percent of GDP by the end of the year. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 9 May 94 p 11)

According to data released by the Central Bank, private consumption in Uruguay grew by 25.7 percent from 1990 to 1993. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 10 May 94 p 8)

The Central Bank reported on 9 May that the central government registered a $12.6 million surplus in March. The accrued government surplus in the first quarter of the year totals $29.2 million. Despite these positive economic indicators, the government's accounts continued to deteriorate in the first quarter of the year, as revenues grew by 1.9 percent while expenditures increased by 11.6 percent. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 10 May 94 p 8)

Basing its information on data released by the Central Bank and the IMF, the Finance Ministry disclosed on 10 May that imports of capital goods have grown by 121 percent over the last four years. Purchases of capital goods, however, declined by 2.7 percent in the first two months of the year as compared with the corresponding period in 1993. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 11 May 94 p 9)

Uruguay's net external debt has dropped by 27 percent over the last four years due to a 47 percent increase in net international reserves. The per capita debt has declined from $1,021 to $753 over the last four years. Nevertheless, the total gross external debt has increased by 12.9 percent in the period under consideration. It amounted to $7.89 billion at the end of 1993, thus representing 57 percent of GDP. The net external debt totals $2.373 billion. (Montevideo EL OBSERVADOR ECONOMICO in Spanish 11 May 94 p 9)

The Central Bank has reported that investments in fixed capital grew by 11.8 percent in 1993 while private consumption increased by 4 percent. This led to a 5.5 percent expansion in domestic demand. (Montevideo BUSQUEDA in Spanish 12 May 94 p 26)

Venezuela

Minister Considers Importance of Perez's Trial

PA2005045594 Caracas EL UNIVERSAL in Spanish 19 May 94 pp 1-13

[Excerpts] Ramon Escovar Salom, former prosecutor general and current interior minister, said that the trial of former President Carlos Andres Perez is an example for Latin America. Escovar spoke at length with reporters after a Council of Ministers meeting on 18 May. [passage omitted]

As Venezuelans we should be pleased that the country's institutions behaved in the way they have, that it is possible to try a president, that we can hold public officials accountable for their actions, and that the Constitution is not an insignificant book in practical life, but a set of rules that have a bearing on the country's life. What has transpired is not an act of revenge or persecution against a president, but the result of formal charges filed by a prosecutor general and a formal and concrete ruling by the CSJ [Supreme Court of Justice].

I have nothing more to add; I only want to urge people who sympathize with the former president to act responsibly and to spare the country from actions that might stem from an accumulation of feelings of revenge and also spare the country from the use of violence, because neither is in keeping with the serenity shown by the institutions. Calls to settle accounts with all those involved in this trial are absolutely irreconcilable with the country's dignity and the strength of Venezuelan democratic institutions. I want to talk to them calmly, because apparently there are already voices that are trying to distort the court ruling and this exemplary process that the Venezuelan people have accepted as their own and that democrats of Latin America and the world view as a reflection of the strength of Venezuelan institutions. [passage omitted]

Former President Perez Rejects Charges

PA1905144094 Caracas Union Radio Network in Spanish 2200 GMT 18 May 94

[Report by Alexander Barrios in Caracas from the "Union Radio News" newscast]

[Text] Upon leaving Technical Judicial Police [PTJ] facilities, where he has been registered in the police corps' criminal files, former President Carlos Andres Perez termed as an absolute outrage the Supreme Court of Justice's [CSJ] decision to issue an arrest warrant for him.

[Begin recording] [Perez] You cannot mistreat a man who has struggled 50 years for Venezuela and has twice been president of the Venezuelans!

[Unidentified reporter] The terms of the document....

[Perez, interrupting] The Venezuelans believe in me!

[Reporter] [Words indistinct]

[Perez] The fact is there are no charges against me. That is a...[pauses] that report published in EL UNIVERSAL is shameful. The fact is there is no evidence about anything, yet the charges against me are incredible. I am accused of helping stabilize democracy in Nicaragua and that the person who received Venezuelan state security funds was President Violeta Chamorro, an prominent Latin American woman. This accusation is interference in the executive branch's purview of international relations. [end recording]

The former president reiterated that under no circumstances does the law allow him to reveal how the secret funds were spent.

[Begin Perez recording] No one knows how the secret funds were distributed because it is a secret, and the law forbids me to reveal that. Second, there is absolutely no evidence or proof of anything. Third, international relations is the exclusive purview of the president of the Republic, meaning the executive branch, and the CSJ is interfering in the executive branch's activities when it tries to establish guidelines for how to handle the state's foreign security affairs. [end recording]

Following these statements, former President Perez left the PTJ facilities and went to the site of his imprisonment, that is El Junquito Jail. The triumphant way in which the former president left was surprising—waving to all those had gathered in front of the PTJ building.

Defense Minister Cited on Rumor 'Campaign'

PA1905235594 Maracaibo PANORAMA in Spanish 17 May 94 Section 1 p 7

[All quotation marks as published]

[Text] Caracas, 16 May—Defense Minister General Rafael Montero Revette stated today that there are sectors interested in creating apprehension in the democratic system through a campaign of rumors such as those disseminated last weekend about President Rafael Caldera's health.

The defense minister made these remarks at the National Congress Administrative Headquarters where he had been summoned by the Chamber of Deputies Environment Committee to discuss issues related to the environmental problems faced in the southern part of the country. The hearing was called off due to absence of the parliamentarians, only Committee President Cesar Perez Vivas was present.

In this respect, the defense minister urged the media not to fall prey to the rumors "since they only overwhelm the country and what we want to do is pull away from this crisis through employment, before the violence which has appeared recently spreads throughout the country and threatens all Venezuelans. With or without weapons, we must maintain peace."

On the presence of masked groups [encapuchados], Gen. Revette said they are manipulative because they go around promoting violence and only block progress. These groups are contrary to peace and quiet in Venezuela."

Likewise, the defense minister ruled out the likelihood of a social explosion and added that violence in Venezuela can never be rationalized. He added that "we are aware that there are problems, and we are urging all Venezuelans to remain calm and collectedn order to try to solve these problems."

He indicated that he has ordered the National Police into the streets every morning with the mission of preventing violence. We believe the students are confident that these problems will not continue and that there will be an end to violence, as well as that we will all work in peace."

In reference to the accusations made by retired Lieutenant Colonel Hugo Chavez Frias with respect to a coup attempt, the defense minister said that Chavez must present evidence of his allegations since intelligence operations have failed to turn up anything. There have been new reports and we are confronting a situation of constant accusations without any evidence, which are aimed at specific institutions or trade unions."

Nevertheless, he added, the National Armed Forces [FAN] intelligence members and other state security organizations are working 24 hours a day. With respect to military promotions, he indicated that the promotion process has been clear throughout the current year, and that the list of candidates will be forwarded to the National Congress for evaluation sometime at the end of this month.

With respect to the summons, the general indicated that during the next few days he will present a report to the Committee on Environmental Problems, which will be from the military's perspective.

Finance Minister on Revenues, New Measures

PA1905151994 Caracas ECONOMIA HOY in Spanish 17 May 94 p 3

[Report by Yonis Garcia]

[Text] Upon leaving Miraflores, Finance Minister Julio Sosa Rodriguez asserted that his office estimates the country will earn additional income of approximately 6 billion bolivares from PDVSA [Venezuelan Petroleum] thanks to an increase in oil prices in May.

According to the minister, this income will help efforts to balance the budget deficit. "But I don't have too many hopes. I believe we will earn enough foreign exchange to be able to meet the country's needs—I mean, all its exports and the debt servicing. I should point out that the increase in the price of oil is due to an increase in demand for oil and the improving U.S. economic situation."

The minister reported the government has collected 3.1 billion bolivares in bank debit taxes. "We have not had

any problems in collecting those revenues. The system has worked satisfactorily, and the banking sector has not had any computer problems."

Regarding the concession law approved by the Council of Ministers, Sosa Rodriguez said the legal mechanism for construction of public works will attract foreign investors to the country and will provide economic compensation for the budget cuts made to several national interest projects.

Referring to the sales tax law, the finance minister affirmed that this law will be approved by the executive on Wednesday. When he was asked if they planned to extend the tax on banking debits, he replied: "I don't think it's right to extend this tax."

The IMF visit to Venezuela has triggered public expectations regarding the economic conditions and programs it plans to suggest to the government. In this respect, Sosa stated: "From a psychological point of view, it would be good for the IMF to officially prop up the level of our reserves and make a public statement on the situation. This would have a positive impact on our economy and deter the negative influence of speculators and rumors about our currency. In conclusion, it would make it more difficult for speculators who work in our markets."

Likewise, he added that the only point the IMF could question is the suspension of the value-added tax (VAT). "Everyone knows this tax had to be lifted because the country was neither prepared nor organized to collect this kind of revenue. The methodology was used for commercial speculation to the detriment of the citizens."

On the same subject, the minister said: "Another thing the IMF could ask is why we have not increased the price of gasoline. On this point, I have always said we are going through an economic crisis, an inherited chaos, and to straighten things out we need to grant several administration subsidies to the collective transportation sector."

On another topic, Sosa Rodriguez asserted that he is still studying the possibility of requesting support or other types of help from the IMF. "For the time being, however, both the IMF and the government, as had been planned, will work together for two weeks to study the economic situation and come up with a joint assessment."

Another international financial organization that recently visited Venezuela was the World Bank. Julio Sosa Rodriguez said that the World Bank officials met with President Caldera. "They came to help us with the subsidized banks, and I believe their observations have been very positive. They offered to send us this week, a group of technicians to help Fogade [Deposit Guarantee and Banking Protection Fund] and the Banking Superintendent's Office in solving management and financial aid problems."

Sosa reported the executive had requested credits, which are fully justified, for 156 billion bolivares from Congress. This money includes the resources for paying all government employees, including those in the Judiciary Council. "The only observation the Congress's Finance Commission had on my request was that I had not included allotments for corresponding social benefits."

Ministry Adviser Discusses Revenues, World Bank

PA1905235994 Caracas Union Radio Network in Spanish 1100 GMT 19 May 94

[By Fabiola Vechionacce from the "180 Minutes of News" newscast]

[Text] Finance Ministry adviser Jose Ignacio Moreno Leon has said that revenues generated by an increase in the price of petroleum will be used to pay the country's foreign debt and for social programs. He described as positive the talks with an IMF mission but refused to give details on any possible agreements.

Moreno said that progress was achieved with the World Bank, which disbursed $2 billion to cover the first stage of a program to modernize the Finance Ministry's tax system. He also commented on adjustments that must be made to the 1995 budget. Here are his remarks on reducing fiscal expenses:

[Begin Moreno recording] As for a reduction of expenses, we already made an important adjustment that represents about 7 to 8 percent of what was planned in the budget and about 200 billion [currency not specified] from special requests. [sentence as heard] I think that in next year's budget we need not only an adjustment but an in-depth reorientation of expenses.

At the ministry we are already working on regulations that will be presented to the minister for discussion by the Council of Ministers. I think that the government should begin to implement its program in next year's budget, because this year we had to adjust to the situation that confronted us. Next year, however, we must begin to implement the letter of intent presented by the president to the Venezuelan people by reorganizing the 1995 budget. [end recording]

The Finance Ministry adviser added that revenues obtained from gasoline price increases will be revealed before year end.

Solidarity Commitment Program To Be Changed

PA1905235494 Caracas EL GLOBO in Spanish 17 May 94 p 11

[Report by Eneida Cortez]

[Text] The Solidarity Commitment program planned by the Development Ministry to curb inflationary levels will undergo drastic changes as a result of the imbalance in foreign exchange, which will undoubtedly cause an increase in the prices of goods and services.

Development Minister Luis Carlos Palacios made that remark and stressed that the lack of confidence in the

financial system and the continuous injection of assistance to banks have generated an absolute imbalance in the foreign exchange market, which, should it continue, will hamper any macroeconomic program that may be implemented.

It is worth noting, he said, that, after adjustments in the foreign exchange were made, the price of a large number of the component parts used in national production and considered imported raw materials will go up, leading to an increase in the price of the final product.

The initial objective of the Development Ministry regarding consensus on prices will be affected in view of this new macroeconomic situation, and, for that reason, an abrupt reorientation not based on orthodox policies will be needed.

One must keep in mind that the economic crisis the country is experiencing is the legacy of the vicious circle of the past and of scant supervision over the financial system. One must also note, he said, that the poor concepts, implemented by certain independent entities, of giving constant financial assistance to curb the problem of liquidity led to a gigantic infusion of monetary resources that did not take into consideration its repercussions on the economy. As a result, this heated up the climate of crisis we are now experiencing.

The Development Ministry's plan to curb slightly the impact of the monetary devaluation comprises two aspects. The first aspect involves continued talks, despite disagreements with the major producers of goods and services, to try to minimize the potential price adjustment. This means there is a possibility that the monetary changes will be reflected in prices. For that reason, what matters now is that these increases not exceed the levels of the foreign exchange market. The second aspect is to stipulate clearly that once the turbulence has ceased we must resume, with greater force, the concerted effort planned regarding solidarity .

It was also reported that the Development Ministry is negotiating with local industrialists to reduce the initial impact of the adjustments, estimated to be between 20 and 30 percent. If that agreement is reached, the adjustments will be made based on the devaluation of the previous week, which was from 12 to 13 percent. Price increases for medicines were higher than predicted, and for that reason the authorities have considered imposing sanctions, consisting of rolling back prices to their previous level.

National Guard Dismantles Guerrilla Cell

PA1905225394 Caracas EL NACIONAL in Spanish 17 May 94 p D10

[Report by Miguel Angel Liendo]

[Text] Merida—A guerrilla cell was dismantled by the National Guard in a mountain area known as "Los Giros," near the Pan-American Highway, in Merida State. The place is located on the Tachira State border, in the southern zone adjoining Maracaibo Lake.

The group was arrested during a security operation undertaken by the National Guard against outlaws and irregular groups. Group members were followed when they tried to implement their plan to kidnap a cattleman and his son.

Intelligence work by the National Guard and police revealed the guerrillas' presence south of the lake. The operation led the police to the mountain area of Los Giros, very close to the farm owned by cattleman Manuel Maria Guerrero. The criminals had camped near the farm to kidnap Manuel Maria Guerrero and his son, who was not identified.

The prisoners were identified as Alfredo Perez Alcina (26 years), alleged member of the Revolutionary Armed Forces of Colombia, Alvaro Pena Bejas, Carlos Rojas Tarazona, and a minor whose name was not revealed. The authorities confiscated a pistol, a revolver, knives, and canned food during the operation.

The four prisoners were turned over to the PTJ [Technical Judicial Police] in Merida, and authorities are investigating their possible ties with and financial support from the Colombian guerrilla groups that operate along the border.

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